

**PROVO CITY
HOUSING AUTHORITY**

Financial Statements

September 30, 2006

PROVO CITY HOUSING AUTHORITY

Financial Statements

September 30, 2006

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Provo City Housing Authority

We have audited the financial statements of the business type activities and each major fund, which collectively comprise the financial statements of Provo City Housing Authority, as of and for the year ended September 30, 2006, as listed in the table of contents. These financial statements are the responsibility of the Housing Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of Provo City Housing Authority, as of September 30, 2006, and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 2, 2007 on our consideration of Provo City Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grants, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying Management's Discussion and Analysis is not a required part of the financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of

management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the Housing Authority's financial statements. The statements listed in the supplemental information section of the table of contents, the Schedule of Expenditures of Federal Awards listed in the single audit section of the table of contents, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the Supplemental Financial Data Schedules listed in the single audit section of the table of contents, as required by the U.S. Department of Housing and Urban Development are presented for purposes of additional analysis and are not a required part of the financial statements of Provo City Housing Authority. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Hawkins Cloward + Simister, LC

HAWKINS CLOWARD & SIMISTER, LC
CERTIFIED PUBLIC ACCOUNTANTS

February 2, 2007

PROVO CITY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2006

As management of the Provo City Housing Authority (the Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended September 30, 2006. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements, which follow this section.

Financial Highlights

- The assets of the Authority exceeded its liabilities at the close of FY 2006 by \$11,232,064 (*net assets*), representing an increase of \$445,023 from FY 2005.
- The Authority's unrestricted cash balance at the end of FY 2006 was \$592,569 representing a decrease of \$307,091 from FY 2005.
- The Authority had a total of \$1,267,253 in dwelling rentals revenue, representing a decrease of \$28 from FY 2005.
- The Authority had a total of \$5,333,002 in governmental grants income, representing an increase of \$99,143 from FY 2005.
- The Authority had a total of \$591,274 in other revenue, representing an increase of \$227,963 from FY 2005.
- The Authority had a total of \$6,746,506 in expenses, representing a decrease of \$154,168 in expenses from FY 2005.
- The Authority had a total of \$10,830,998 net capital assets, representing a decrease of \$210,568 from FY 2005.
- The Authority had a total of \$1,473,113 in investments in joint ventures, representing a decrease of \$47,891 from FY 2005.
- The Authority's loans and notes receivable increased by \$289,695 from FY 2005.
- The Authority's bonds and notes payable decreased by \$383,112 from FY 2005.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements include the Authority-wide financial statements and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

AUTHORITY-WIDE FINANCIAL STATEMENTS

The Authority-wide financial statements are designed to be corporate-like in that all business type activities are consolidated into columns which add to a total for the entire Authority. The interfund activity of the Authority has been eliminated.

Statement of Net Assets

These Statements include a Statement of Net Assets, which is similar to a Balance Sheet. The Statement of Net Assets reports all financial and capital resources for the Authority. The statement is presented in the format where assets, minus liabilities, equals "Net Assets", formerly known as equity. Assets and liabilities are presented in order of liquidity, and are classified as "Current" (convertible into cash within one year), and "Non-Current".

The focus of the Statement of Net Assets (the "Unrestricted Net Assets") is designed to represent the net available liquid (non-capital) assets, net of liabilities, for the entire Authority. Net Assets (formerly equity) are reported in three broad categories:

Net Assets, Invested in Capital Assets, Net of Related Debt: This component of Net Assets consists of all Capital Assets, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Assets: This component of Net Assets consists of restricted assets, when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

Unrestricted Net Assets: Consists of Net Assets that do not meet the definition of "Net Assets Invested in Capital Assets, Net of Related Debt", or "Restricted Net Assets".

Statement of Revenues, Expenses and Changes in Net Assets

The Authority-wide financial statements also include a Statement of Revenues, Expenses and Changes in Net Assets (similar to an Income Statement). This Statement includes Operating Revenues, such as Rental Income, Operating Expenses, such as administrative,

utilities, maintenance, and depreciation, and Non-Operating Revenues and Expenses, such as grant revenue, investment income and interest expense.

The focus of the Statement of Revenues, Expenses, and Changes in Net Assets is the "Change in Net Assets", which is similar to Net Income or Loss.

Statement of Cash Flows

Finally, a Statement of Cash Flows is included, which discloses net cash provided by, or used for operating activities, capital and related financing activities, and investing activities.

AUTHORITY FUNDS

The Authority consists of exclusively Enterprise Funds. Enterprise funds utilize the full accrual basis of accounting. The Enterprise method of accounting is similar to accounting utilized by the private sector accounting.

Many of the funds maintained by the Authority are required by the Department of Housing and Urban Development. Others are segregated to enhance accountability and control.

Conventional Public Housing

Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy and Capital Grant funding to enable the PHA to provide the housing at a rent that is based upon 30% of household income. The Conventional Public Housing Program also includes the Capital Fund Program, which is the primary funding source for physical and management improvements to the Authority's properties.

Housing Choice Voucher Program

Under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Contributions Contract (ACC) and HUD. HUD provides Annual Contributions Funding to enable the Authority to structure a lease that sets the participants' rent at 30% of household income.

Lookout Pointe Apartments

Under the Lookout Pointe Apartments Program, the Authority maintains a 114 unit apartment complex, which is a blended component unit of the Authority. This is a mixed-income development with 35 percent of the units made affordable to low and

very-low income families. This is a non-HUD funded project with the exception of the small number of Section 8 rental subsidies assisting very-low income tenants. Lookout Pointe has also been approved by the Internal Revenue Service to operate under a 501 (c)(3) exemption.

Discretionary Housing

This fund represents non-HUD resources developed from a variety of activities. This fund is used to finance discretionary housing activities, i.e., innovative housing program developments as approved by the Board of Directors. Generally, these funds are not subject to Public Housing or Section 8 program rules, but must be spent for low-income housing related activities.

Provo Nonprofit Housing Development Corporation

The Provo Nonprofit Housing Development Corporation is a blended component unit of the Authority. This fund is used to finance discretionary housing activities, i.e., innovative housing program developments as approved by the Board of Directors. The Provo Nonprofit Housing Development Corporation has also been approved by the Internal Revenue Service to operate under a 501 (c)(3) exemption.

NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the Authority-wide and fund financial statements.

SUPPLEMENTARY INFORMATION

The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

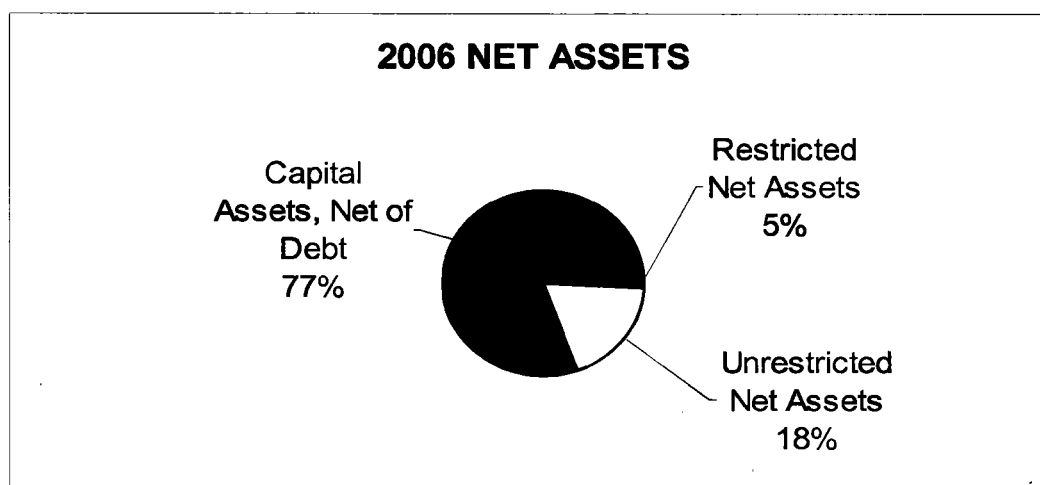
AUTHORITY-WIDE FINANCIAL STATEMENTS

Statement of Net Assets

The following table reflects the condensed Statement of Net Assets for 2006, with comparative figures from 2005:

STATEMENT OF NET ASSETS

	2006	As Restated 2005
Current and Other Assets	\$ 7,515,559	\$ 6,415,560
Capital Assets	10,830,998	11,041,566
Total Assets	18,346,557	17,457,126
Other Liabilities	1,738,166	894,810
Long-Term Liabilities	5,376,327	5,775,275
Total Liabilities	7,114,493	6,670,085
Net Assets:		
Invested in Capital Assets, Net of Related Debt	8,596,923	8,737,547
Restricted	587,456	181,762
Unrestricted	2,047,685	1,867,732
Total Net Assets	\$ 11,232,064	\$ 10,787,041



- Net assets of the Authority's activities increased by \$445,023 (4%) from 2005 to 2006.
- The largest portion of the Authority's net assets (77 percent) reflects its investment in capital assets (land, buildings, machinery, and equipment), less related outstanding debt used to acquire these assets. The Authority uses these capital assets to provide services to tenants. Consequently, these assets are not available for future spending. Although the Authority's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. The Authority's investment in capital assets, net of related debt, decreased by \$140,624 (1.6%) from 2005 to 2006.

The following table presents details on the change in Net Assets, Invested in Capital Assets, Net of Related Debt:

**CHANGE OF NET ASSETS
INVESTED IN CAPITAL ASSETS NET OF RELATED DEBT**

Balance as of 9/30/2005	\$	8,737,547
Capital Assets Added		330,078
Capital Assets Disposed/Sold	(51,779)	
Depreciation on Capital Assets Disposed/Sold	<u>51,779</u>	
Adjusted Capital Assets Disposed/Sold		0
2006 Depreciation Expense		(540,643)
2006 Decrease in Related Debt		85,731
2006 Component Unit Net Increase to Capital Assets, Net of Related Debt		<u>(15,790)</u>
Balance as of 9/30/2006	\$	<u><u>8,596,923</u></u>

An additional portion of the Authority's net assets (5 percent) represents resources that are subject to external restrictions on how they may be used and are detailed as follows:

- The Restricted Net Assets for the Provo City Housing Authority include the Lookout Pointe Escrow Reserves and Replacement Reserve. These reserves had a net decrease of \$47,409 (26%) during 2006 from \$181,762 to \$134,353. The majority of this decrease was due to a HUD approved withdrawal from the Capital Replacement Reserves of \$62,512 for capital improvements at Lookout Pointe Apartments.
- Of the \$62,512 approved withdrawal from the Capital Replacement Reserves, \$38,741 was not expended during 2006. This amount also continues to be restricted cash at the end of 2006 for capital improvements during 2007 at Lookout Pointe Apartments.
- The remaining Restricted Net Assets balance is comprised of cumulative unexpended HAPS Subsidy for the Section 8 Vouchers program in the amount of \$400,476 plus interest of \$13,886. This is a new restricted net assets category created in 2006 by HUD. In prior years unused HUD subsidy for housing assistance payments was reflected as a current liability due to HUD. This restricted net asset can also be used

to fund future HAPS payments for the Section 8 program if HAPS funding from HUD falls short.

- The remaining balance of unrestricted net assets (18 percent) may be used to meet the Authority's ongoing obligations to program participants and creditors. Unrestricted net assets increased by \$276,901 (15.6%) from 2005 to 2006.

The following table presents details on the change in Unrestricted Net Assets:

CHANGE OF UNRESTRICTED NET ASSETS

Unrestricted Net Assets 9/30/2005	\$	1,770,784
Results of Operations		445,023
Depreciation & Amort (1)		<u>543,975</u>
Adjusted Results from Operations		988,998
Increase in Restricted Net Assets		(308,746)
Increase in Capital Assets		(330,078)
Decrease in Debt Related to Capital Assets		(85,731)
Component Unit Net Increase to Capital Assets		15,790
Component Unit Decrease in Other Non-current Assets		<u>(3,332)</u>
Unrestricted Net Assets 9/30/2006	\$	<u>2,047,685</u>

(1) Depreciation and amortization is treated as an expense and reduces the results of operations but does not have an impact on Unrestricted Net Assets.

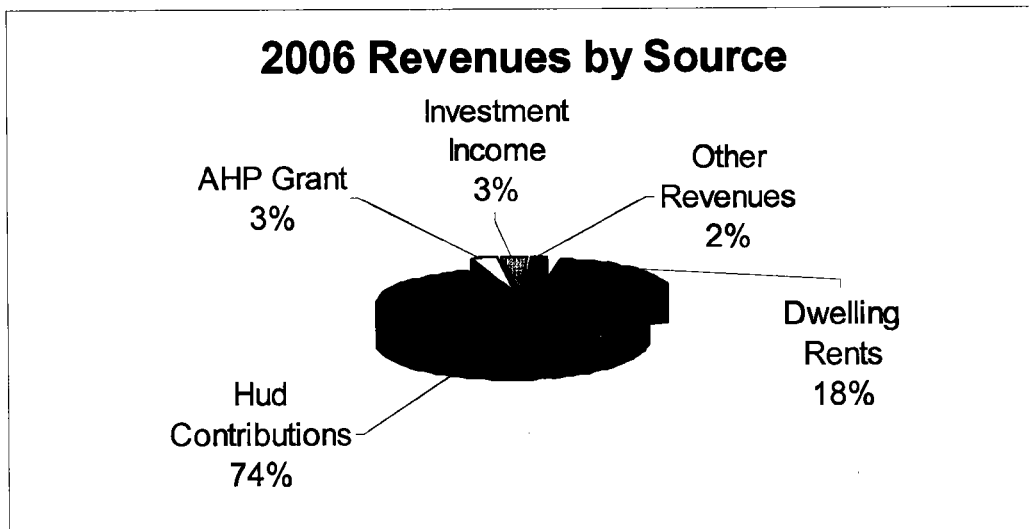
While the Results of Operations is a significant measure of the Authority's activities, the analysis of the changes in Unrestricted Net Assets provides a clearer change in financial well-being.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

The following schedule compares the revenues and expenses for the current and previous fiscal year. The Authority is engaged in Business-Type Activities.

	2006	As Restated 2005
Revenues		
Dwelling Rents	\$ 1,267,253	\$ 1,267,281
HUD Contributions-Operations	857,707	844,930
HUD Contributions-HAPS	4,134,861	4,026,711
Other Government Grants	1,123	4,300
Capital Funds Grants	339,311	357,918
AHP Grant	223,968	0
Interest and Investment Income	224,261	213,150
Other Revenues	143,045	150,161
Total Revenue	7,191,529	6,864,451
Expenses		
Administrative	990,092	988,355
Tenant Services	1,590	1,832
Utilities	218,275	201,953
Maintenance	642,434	590,275
Protective Services	6,000	7,438
General	219,704	187,260
Interest Expense	277,952	300,148
Housing Assistance Payments	3,844,338	3,914,291
Losses on Disposals	1,703	173,098
Equity Investments	443	564
Depreciation	543,975	535,460
Total Expenses	6,746,506	6,900,674
Net Increase(Decrease)	\$ 445,023	\$ (36,223)

The following chart presents a condensed view of the FY 2006 Revenues:



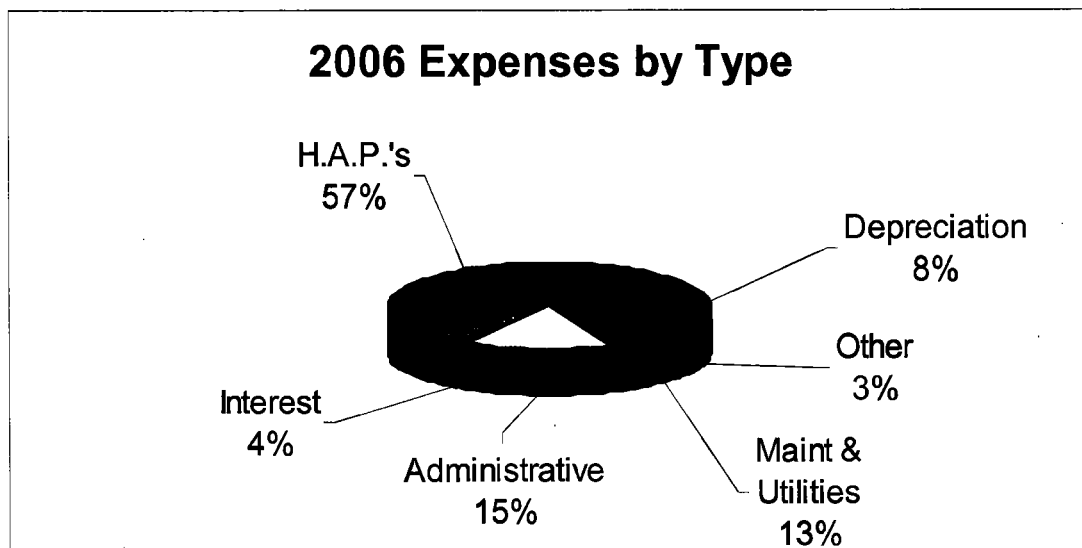
MAJOR FACTORS AFFECTING THE STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS

- HUD Contributions had a net increase of \$99,143 compared to 2005. This net increase was due to the following:

2004 Back HAPS Funding Received in 2006:	\$135,956
2006 HAPS Funding Decrease:	(27,806)
Section 8 Admin FSS Coordinator Funding Increase:	12,636
Admin Fees Funding Increase:	17,256
Public Housing Operating Subsidy Decrease:	(11,310)
Capital Funds Grant Decrease:	(18,607)
Other HUD Grants Decreases:	(8,982)
Total	\$ 99,143

- An Affordable Housing Program grant of \$223,968 was received by the Authority in 2006 from the Federal Home Loan Bank of Seattle. After approval from the Board of Directors, this funding was transferred to the Provo Nonprofit Housing Development Corp. for investment in the Maeser School Apartments project.

The following chart presents a condensed view of the FY 2006 Expenses:



- Utility Expenses increased by \$16,322 (8%). This increase was primarily due to an increase in natural gas and water rates.
- Housing Assistance Payments decreased by \$69,953 (1.8%). This was due to changes in the Housing Vouchers program during the latter part of 2005 that resulted in decreases in HAP costs. An increase in Utility Allowances in the latter part of 2006 should result in an increase of the use of Section 8 HAPS funding in 2007.

- Maintenance Expenses increased by \$52,159 (9%). This increase was primarily due to a \$29,308 increase in the cost of materials and contract costs at Lookout Pointe Apartments and a \$19,865 increase of all Authority maintenance wages and benefits.
- General Expenses increased by \$32,444. This was due primarily to the payment of an insurance deductible of \$25,000 for a Housing Authority vehicle accident, plus a 2006 increase in property insurance expense of \$6,889.
- Interest Expense decreased by \$22,196 (7.4%). This expected decrease was due to an increase in principal payments on all long term debt during 2006.
- Losses on Disposals decreased by \$171,395 (99%). This was due to the 2005 loss on disposals reflecting a one time loss on the sale of the Maeser School lots.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of the year end, the Authority had \$10.83 million invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease (addition, deductions and depreciation) of .21 million or \$210,568 from the end of FY 2005.

The following schedule compares the Capital Assets at Year End for the current and previous fiscal year. The Authority is engaged in Business-Type Activities:

CAPITAL ASSETS AT YEAR-END (NET OF DEPRECIATION)

	<u>Business-type Activities</u>	
	<u>2006</u>	<u>2005</u>
Land and Land Rights	\$ 3,143,069	\$ 3,143,069
Buildings	15,609,715	15,347,898
Equipment-Administrative	515,672	517,207
Equipment-Dwelling	252,091	244,905
Construction in Progress	10,828	0
Accumulated Depreciation	<u>(8,700,377)</u>	<u>(8,211,513)</u>
Total	<u>\$ 10,830,998</u>	<u>\$ 11,041,566</u>

The following reconciliation summarizes the change in Capital Assets:

CHANGE IN CAPITAL ASSETS

		Business-type Activities
Beginning Balance	\$	<u>11,041,566</u>
Additions		330,078
Retirement	(51,779)	
Depreciation on Retirements	<u>51,779</u>	
Net of Depreciation		0
2006 Depreciation		(540,643)
Rounding Adjustment		<u>(3)</u>
Ending Balance	\$	<u>10,830,998</u>

The 2006 additions were comprised of:

Business-Type Activities

Capital Improvements (modernization completed on a variety of the Authority's Public Housing complexes:	\$257,461
Dwelling Equipment Purchases	\$ 38,350
Community Space Equipment Purchases	\$ 13,242
Construction in Progress-Church Property Rehab and 297 S. 1600 W. Development	\$ 10,829
Office Equipment Purchases	\$ 8,646
Maintenance Equipment Purchases	<u>\$ 1,550</u>
Total 2006 Additions	\$330,078

Debt Outstanding

As of year-end, the Authority had \$5,559,732 in debt (bonds, notes, etc.) outstanding compared to \$5,942,844 last year, representing a 6.4% decrease of \$383,112. This decrease was due to a reduction of \$200,000 in notes/loans associated with the Maeser School Project plus a net reduction of other long term debt by \$183,112.

OUTSTANDING DEBT, AT YEAR-END

<u>Business Type</u>	<u>Totals</u>	
	<u>2006</u>	<u>2005</u>
Investment in Joint Ventures	\$ 1,217,637	\$ 1,445,017
Capital Improvements	315,666	327,042
Lookout Pointe Mortgage	1,991,429	2,065,785
Lookout Pointe Bond	2,035,000	2,105,000
	<u>\$ 5,559,732</u>	<u>5,942,844</u>

The current portion of the total outstanding debt at year end was \$198,651.

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding of the Department of Housing and Urban Development
- Local labor supply and demand, which can affect salary and wage rates
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income
- Inflationary pressure on utility rates, supplies and other costs

FINANCIAL CONTACT

The individual to be contacted regarding this report is Donna Smith, Accountant, of the Provo City Housing Authority, at 801-852-7086. Specific requests may be submitted to Donna Smith, Accountant, Provo City Housing Authority, 650 West 100 North, Provo, Utah 84601.



FINANCIAL STATEMENTS

The financial statements include integrated sets of financial statements as required by accounting principles generally accepted in the United States of America.

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PROVO CITY HOUSING AUTHORITY
Statement of Net Assets
September 30, 2006
With Comparative Totals for September 30, 2005

ASSETS	<u>Discretionary</u>	<u>Public Housing</u>	<u>Vouchers</u>
Current assets			
Cash and cash equivalents	\$ 45,270	\$ 28,217	\$ 478,800
HUD receivable	51,962	58,821	
Receivables	43,423	10,795	
Prepaid insurance		57,637	
Due from other funds	604,251	274,982	121,352
Interest receivable	19,053		
Current portion notes receivable	10,832		
Other current assets	92,486		
Total current assets	<u>867,277</u>	<u>430,452</u>	<u>600,152</u>
Net capital assets	<u>1,176,691</u>	<u>7,579,579</u>	<u>156,320</u>
Noncurrent assets			
Investments in GNMA and MBIA	1,984,362		
Interest receivable	72,791		
Bond issuance costs, net of amortization			
Maeser school project			
Notes receivable, less current portion	976,451		
Equity investments tax credit projects	510,670		
Restricted cash and cash equivalents	3,790	62,203	414,362
Total noncurrent assets	<u>3,548,064</u>	<u>62,203</u>	<u>414,362</u>
Total assets	<u><u>\$ 5,592,032</u></u>	<u><u>\$ 8,072,234</u></u>	<u><u>\$ 1,170,834</u></u>

Lookout Pointe	Provo Nonprofit	Totals	
		2006	2005 As Restated
\$ 48,792		\$ 601,079	\$ 899,660
		110,783	86,287
5,058		59,276	42,057
9,773		67,410	62,945
		19,053	19,096
		10,832	10,434
		92,486	93,284
63,623		960,919	1,213,763
1,918,406		10,830,996	11,041,565
		1,984,362	2,052,665
		72,791	55,169
51,646		51,646	54,978
			1,009,892
	\$ 300,000	1,276,451	987,154
	962,448	1,473,118	511,112
215,345		695,700	287,698
266,991	1,262,448	5,554,068	4,958,668
\$ 2,249,020	\$ 1,262,448	\$ 17,345,983	\$ 17,213,996

PROVO CITY HOUSING AUTHORITY
Statement of Net Assets (Continued)
September 30, 2006
With Comparative Totals for September 30, 2005

LIABILITIES	<u>Discretionary</u>	<u>Public Housing</u>	<u>Vouchers</u>
Current liabilities			
Accounts payable	\$ 15,410	\$ 19,390	
Interest payable	25,166		
Accrued liabilities		90,904	\$ 24,038
Deferred revenue	644	6,799	
Due to other funds	239,496		31,335
FSS escrow		12,115	169,629
Tenant security deposits	3,790	62,203	
Current portion notes payable	27,906		
Current portion long-term debt	91,724		
Total current liabilities	<u>404,136</u>	<u>191,411</u>	<u>225,002</u>
Long-term liabilities			
Compensated absences		10,733	4,513
Notes payable	475,049		
Long-term debt	2,793,255		
Less current portion	(119,630)		
Total long-term liabilities	<u>3,148,674</u>	<u>10,733</u>	<u>4,513</u>
Total liabilities	<u>\$ 3,552,810</u>	<u>\$ 202,144</u>	<u>\$ 229,515</u>
NET ASSETS			
Invested in capital assets, net of related debt	\$ 861,024	\$ 7,579,579	\$ 156,320
Restricted			
Escrow reserves			
Capital asset projects			
Housing assistance payments			414,362
Unrestricted	1,178,198	290,511	370,637
Total net assets (deficit)	<u>\$ 2,039,222</u>	<u>\$ 7,870,090</u>	<u>\$ 941,319</u>

Lookout Pointe	Provo Nonprofit	Totals	
		2006	2005 As Restated
\$ 2,205		\$ 37,005	\$ 56,464
10,123		35,289	36,483
6,469		121,411	116,956
7,839		15,282	15,189
94,989	\$ 674,719	181,744	181,556
42,251		108,244	105,936
		27,906	27,379
79,021		170,745	155,849
<u>242,897</u>	<u>674,719</u>	<u>697,626</u>	<u>695,812</u>
		15,246	15,330
		475,049	985,354
1,991,429	300,000	5,084,684	4,957,490
(79,021)		(198,651)	(183,228)
<u>1,912,408</u>	<u>300,000</u>	<u>5,376,328</u>	<u>5,774,946</u>
<u>\$ 2,155,305</u>	<u>\$ 974,719</u>	<u>\$ 6,073,954</u>	<u>\$ 6,470,758</u>
		\$ 8,596,923	\$ 8,737,547
\$ 134,354		134,354	181,762
38,740		38,740	
		414,362	
(79,379)	\$ 287,729	2,047,696	1,867,736
<u>\$ 93,715</u>	<u>\$ 287,729</u>		
Adjustment of unrestricted net assets due to elimination of interfund activity with different year ends.		39,954	(43,807)
Unrestricted net assets as adjusted for eliminations.		2,087,650	1,823,929
Total net assets		<u>\$ 11,272,029</u>	<u>\$ 10,743,238</u>

PROVO CITY HOUSING AUTHORITY
Statement of Revenues, Expenses and Changes in Net Assets
For the Year Ended September 30, 2006
With Comparative Totals for the Year Ended September 30, 2005

	Discretionary	Public Housing	Vouchers
Operating revenues			
HUD contributions	\$ 192,550	\$ 305,821	\$ 4,495,320
HUD operating grant		87,114	
Management fees	23,836		
Dwelling rents	108,615	587,459	
Other	1,396	39,435	26,863
Total operating revenues	<u>326,397</u>	<u>1,019,829</u>	<u>4,522,183</u>
Operating expenses			
Housing assistance payments	143,469		3,700,869
General	102,432	1,026,215	541,633
Depreciation and amortization	34,189	384,551	8,688
Total operating expenses	<u>280,090</u>	<u>1,410,766</u>	<u>4,251,190</u>
Operating income (loss)	<u>46,307</u>	<u>(390,937)</u>	<u>270,993</u>
Non-operating income (expense)			
Interest income	183,000	7,413	31,868
Gain (loss) on disposal of equipment			
Gain (loss) on disposal of project	(1,702)		
Interest expense	(154,373)		
Equity investments	(438)		
Total non-operating income (expense)	<u>26,487</u>	<u>7,413</u>	<u>31,868</u>
Income (loss) before capital contributions and operating transfers	<u>72,794</u>	<u>(383,524)</u>	<u>302,861</u>
Capital contributions	223,968	252,197	
Operating transfers	(263,568)		
Net income (loss)	<u>33,194</u>	<u>(131,327)</u>	<u>302,861</u>
Change in Net Assets			
Net assets - beginning of year as previously reported	2,006,028	7,998,078	586,743
Cumulative effect of prior period adjustment		3,339	51,715
Net assets - beginning of year, as restated	<u>2,006,028</u>	<u>8,001,417</u>	<u>638,458</u>
Net assets - end of year	<u>\$ 2,039,222</u>	<u>\$ 7,870,090</u>	<u>\$ 941,319</u>

Lookout Pointe	Provo Nonprofit	Totals	
		2006	2005 As Restated
		\$ 4,993,691	\$ 4,875,141
		87,114	72,006
		23,836	23,689
\$ 571,179		1,267,253	1,267,281
26,514		94,208	86,875
<u>597,693</u>		<u>6,466,102</u>	<u>6,324,992</u>
		3,844,338	3,914,290
406,115	\$ 1,685	2,078,080	1,977,116
116,547		543,975	535,459
<u>522,662</u>	<u>1,685</u>	<u>6,466,393</u>	<u>6,426,865</u>
75,031	(1,685)	(291)	(101,873)
1,121	858	224,260	213,150
			(6,815)
		(1,702)	(166,283)
(123,579)		(277,952)	(300,147)
	(12)	(450)	(564)
<u>(122,458)</u>	<u>846</u>	<u>(55,844)</u>	<u>(260,659)</u>
(47,427)	(839)	(56,135)	(362,532)
	25,000	501,165	326,312
	263,568		
(47,427)	287,729	445,030	(36,220)
141,142		10,731,991	10,823,265
		55,054	
<u>141,142</u>	<u>-0-</u>	<u>10,787,045</u>	<u>10,823,265</u>
\$ <u>93,715</u>	\$ <u>287,729</u>	11,232,075	10,787,045

Adjustment of unrestricted net assets due to elimination
of interfund activity with different year ends.

39,954

(43,807)

Total net assets

\$ 11,272,029

\$ 10,743,238

PROVO CITY HOUSING AUTHORITY
Statement of Cash Flows
For the Year Ended September 30, 2006
With Comparative Totals For the Year Ended September 30, 2005

	Discretionary	Public Housing	Vouchers
Cash flows from operating activities			
HUD contributions	\$ 184,671	\$ 376,317	\$ 4,495,320
Rents, fees and services	116,698	589,117	29,448
Housing assistance payments	(143,469)		(3,700,869)
Payments to suppliers	(79,937)	(563,398)	(172,311)
Payments to employees	(36,608)	(470,948)	(494,584)
Net cash provided by (used for) operating activities	<u>41,355</u>	<u>(68,912)</u>	<u>157,004</u>
Cash flows from noncapital financing activities			
Transfers from (to) other funds	(263,568)		
Net cash provided by (used for) noncapital financing activities	<u>(263,568)</u>	<u>-0-</u>	<u>-0-</u>
Cash flows from capital and related financing activities			
Acquisition and construction of capital assets	(8,218)	(263,620)	(3,593)
Proceeds from sale of capital assets			
Proceeds from issuance of debt			
Proceeds from capital grants	223,968	252,197	
Principal payments on debt	(98,450)		
Principal payments on note payable	(10,305)		
Interest paid on debt	(155,189)		
Net cash provided by (used for) capital and related financing activities	<u>(48,194)</u>	<u>(11,423)</u>	<u>(3,593)</u>
Cash flows from investing activities			
Payments received on notes receivable	9,907		
Investment in MBIA and GNMA bonds	69,101		
Investment in tax credit projects	24,010		
Interest income	165,421	7,413	31,868
Net cash provided by (used for) investing activities	<u>268,439</u>	<u>7,413</u>	<u>31,868</u>
Net increase (decrease) in cash	(1,968)	(72,922)	185,279
Cash and cash equivalents at beginning of year	51,028	163,342	707,883
Cash and cash equivalents at end of year	<u>\$ 49,060</u>	<u>\$ 90,420</u>	<u>\$ 893,162</u>
Reconciliation to operating income			
Operating income (loss)	\$ 46,307	\$ (390,937)	\$ 270,993
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation and amortization	34,189	384,551	8,688
(Increase) decrease in other receivables			2,585
(Increase) decrease in accounts receivable	(23,642)	(20,084)	
(Increase) decrease in deposits		(3,460)	
(Increase) decrease in due from other funds		(31,850)	(121,350)
Increase (decrease) in accounts payable	(14,113)	(2,210)	
Increase (decrease) in accrued liabilities	(1,386)	(4,922)	4,686
Increase (decrease) in due to other funds			(8,598)
Net cash provided by (used for) operating activities	<u>\$ 41,355</u>	<u>\$ (68,912)</u>	<u>\$ 157,004</u>
Reconciliation of total cash and cash investments			
Cash and cash equivalents	\$ 45,270	\$ 28,217	\$ 478,800
Restricted cash and cash equivalents	3,790	62,203	414,362
Total cash and cash equivalents	<u>\$ 49,060</u>	<u>\$ 90,420</u>	<u>\$ 893,162</u>

Supplemental information

The Discretionary fund transferred its investment in Maeser School Partners to the Provo Nonprofit fund.

Lookout Pointe	Provo Nonprofit	Totals	
		2006	2005 As Restated
\$ 603,369		\$ 5,056,308	\$ 4,609,355
(192,494)		1,338,632	1,455,603
(160,006)		(3,844,338)	(3,928,293)
250,869		(1,008,140)	(1,081,575)
		(1,162,146)	(996,116)
		380,316	58,974
	\$ 263,568		
-0-	263,568	-0-	-0-
(54,645)		(330,076)	(482,806)
			1,347
	25,000		35,697
(74,356)		501,165	398,317
(123,957)		(172,806)	(171,001)
(252,958)		(10,305)	(759,803)
	25,000	(279,146)	(321,857)
		(291,168)	(1,300,106)
		9,907	9,803
	(288,975)	69,101	69,252
1,121	407	(264,965)	501,775
1,121	(288,568)	206,230	217,225
		20,273	798,055
(968)		109,421	(443,077)
265,105		1,187,358	1,630,435
\$ 264,137	\$ -0-	\$ 1,296,779	\$ 1,187,358
\$ 75,031	\$ (1,685)	\$ (291)	\$ (101,873)
116,547		543,975	535,459
(572)		2,585	(2,585)
3,175		(44,298)	136,015
(13)		(285)	1,300
1,279		(153,200)	(53,519)
55,422	1,685	(16,336)	(95,698)
		(343)	(348,078)
\$ 250,869	\$ -0-	48,509	(12,047)
		\$ 380,316	\$ 58,974
\$ 48,792		\$ 601,079	\$ 899,660
215,345		695,700	287,698
\$ 264,137	\$ -0-	\$ 1,296,779	\$ 1,187,358

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NOTES TO FINANCIAL STATEMENTS

The notes to the financial statements are included to provide information that is essential to a user's understanding of the financial statements.

PROVO CITY HOUSING AUTHORITY

Notes to Financial Statements

September 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Provo City Housing Authority ("The Housing Authority") have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to government units in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict or contradict GASB pronouncements, in which case GASB prevails. The more significant government accounting policies followed by the Housing Authority are described below.

The Housing Authority accounts for its operations in enterprise funds, similar to a private business enterprise. The intent of the governing body is that the costs of providing goods and services to the public on a continuing basis be financed or recovered primarily through charges for services and contributions from the U.S. Department of Housing and Urban Development.

Reporting Entity

The Housing Authority has two component units (as determined by GASB 39), Lookout Pointe Management, Inc. and Provo Nonprofit Housing Development Corp., described in Note 15. The activity of Lookout Pointe and Provo Nonprofit has been included in the financial statements of the Housing Authority. The Housing Authority is not a component unit of Provo City Corporation. While the Board of Commissioners is selected by the Mayor and approved by the City Council, there is no financial interdependency. Once appointed, the Board of Commissioners exercises all oversight responsibility including but not limited to matters of personnel, management, finances, and budget. The Board of Commissioners and executive branch consist of the following:

Board of Commissioners

Marvin Watt	Chairperson	June 30, 2009
Kathy Froerer	Vice Chairperson	June 30, 2008
Gregory A. Hudnall	Commissioner	June 30, 2009
Cindy Richards	Commissioner	June 30, 2007
Valerie Lee	Commissioner	June 30, 2009
Douglas J. Carlson	Secretary	

Term Expiration

Executive Branch

Douglas J. Carlson	Executive Director
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PROVO CITY HOUSING AUTHORITY

Notes to Financial Statements

September 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

Basis of Presentation

The financial statements report information on all of the activities of the Housing Authority. The Housing Authority segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The effect of interfund activity has been removed from the total column in these statements.

Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recognized at the time the liability is incurred. All assets and liabilities are included on the Statement of Net Assets.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods or services in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personal and contractual services, materials and supplies, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Budgeting

The Housing Authority's governing board adopts a budget for each fiscal year prior to the beginning of each year. These budgets are amended during the fiscal year as the Board deems necessary to accommodate current operations and are accepted by official vote of the Board.

Capital Assets

Property and equipment are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets (equipment 3-10 years, improvements 15 years, and buildings 40 years).

PROVO CITY HOUSING AUTHORITY

Notes to Financial Statements

September 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in the income for the period. The cost of maintenance and repairs is charged to income as incurred; significant renewals and betterments are capitalized.

The Housing Authority capitalizes all capital expenditures in excess of \$350, except tenant equipment, such as fridges and ranges, which are always capitalized for inventory purposes.

Compensated Absences

Full-time, permanent employees are granted vacation benefits in varying amounts. Sick leave accrues to full-time permanent employees to specified maximums. Employees are entitled to a percentage of their sick leave balance and all accrued vacation leave upon termination. The amounts are charged to an expense and a corresponding liability.

Equity Method Investments

Net equity interest in joint ventures is reported on the Statement of Net Assets as investments in tax credit programs. The Housing Authority's share of net income or loss, as calculated in accordance with the joint venture agreement, is reported as a line item in the operating statement.

Cash and Investments

Cash consists of amounts in demand deposits and certificates of deposit. The Housing Authority considers all highly liquid investments maturing within three months to be cash equivalents. Cash balances are invested to the extent available. Investments include obligations of the U.S. Treasury, commercial paper, corporate bonds and purchase agreements. Investments are stated at cost, which approximates fair market value.

Short-term Interfund Receivables/Payables

During the course of operations, transactions occur which result in amounts owed to a particular fund by another fund, other than for goods provided or services rendered. These receivables and payables are due within a year and are classified as "due to and due from other funds" on the Statement of Net Assets. These amounts have been eliminated in the total column.

PROVO CITY HOUSING AUTHORITY

Notes to Financial Statements

September 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist of capital assets net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Housing Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The Housing Authority first utilizes restricted resources to finance qualifying activities.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Reclassification

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements. The amounts reclassified are not material to the financial statements.

NOTE 2 – CASH AND CASH EQUIVALENTS

The Housing Authority's deposits and investing are governed by the Utah Money Management Act (*Utah Code*, Title 51, Chapter 7) and rules of the State of Utah Money Management Council.

Custodial Credit Risk – Deposit

The custodial credit risk for deposits is the risk that in the event of a bank failure, the Housing Authority's deposits may not be recovered. The Money Management Act requires deposits be in a qualified depository as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the State Commissioner Financial Institutions as meeting requirements of the Act and adhering to the rules of the Utah Money Management Council.

The deposits in the bank in excess of the insured amount are uninsured and uncollateralized. Deposits are not collateralized nor are they required to be by state statute. As of September 30, 2006, \$1,049,833 of the Housing Authority's bank balance of \$1,349,833 is exposed to custodial credit risk as uninsured and uncollateralized. The carrying amount of the deposits at September 30, 2006 is \$1,153,916, not including the \$8,507 of PTIF monies that are classified as cash on the financial statements, but are reported under investments.

PROVO CITY HOUSING AUTHORITY

Notes to Financial Statements

September 30, 2006

NOTE 2 – CASH AND CASH EQUIVALENTS (CONTINUED)

Investments

The Money Management Act defines the types of securities authorized as appropriate investments and the conditions for making investment transaction. Investment transaction may be conducted only through qualified depositories, certified dealers, or directly with issuers of investment securities.

The Act authorizes investments in both negotiable and nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as “first tier” by two nationally recognized statistical rating organizations, one of which must be Moody’s Investors Services or Standard & Poor’s; bankers’ acceptances; obligations of the United States Treasury including bills, notes, and bonds; obligations, other than mortgage derivative products, issued by U.S. government sponsored enterprises (U.S. Agencies) such as the Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation (Freddie Mac), Federal National Mortgage Association (Sallie Mae); bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated “A” or higher, or the equivalent of “A” or higher, by two nationally recognized statistical rating organizations; and shares or certificates in a money market mutual fund as defined in the Act.

The Housing Authority’s investments at September 30, 2006 are presented below:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in years)</u>			
		<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More Than 10</u>
Utah Public Treasurer's Investment Fund	\$ 8,507	\$ 8,507			
Government National Mortgage Association	2,002,854				\$ 2,002,854
Municipal Bond Insurance Association	66,404				66,404
Total investments	<u>\$ 2,077,765</u>	<u>\$ 8,507</u>			<u>\$ 2,069,258</u>

Interest Rate Risk – Investments

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

PROVO CITY HOUSING AUTHORITY

Notes to Financial Statements

September 30, 2006

NOTE 2 – CASH AND CASH EQUIVALENTS (CONTINUED)

Interest Rate Risk – Investments (Continued)

The Housing Authority's policy for managing interest rate risk is to comply with the State's Money Management Act. Section 51-7-11 of the Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptances, fixed rate negotiable deposits, and fixed rate corporate obligations to 270-365 days or less. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding two years.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Housing Authority follows the Money Managements Act as previously discussed as its policy for reducing exposure to investment credit risk.

The Housing Authority's investments and quality ratings at September 30, 2006 are presented below:

Investment Type	Fair Value	Quality Ratings			
		AAA	AA	A	Unrated
Utah Public Treasurer's Investment Fund	\$ 8,507				\$ 8,507
Government National Mortgage Association	2,002,854				2,002,854
Municipal Bond Insurance Association	66,404		\$ 66,404		
Total investments	<u>\$ 2,077,765</u>		<u>\$ 66,404</u>		<u>\$ 2,011,361</u>

Custodial Credit Risk – Investments

Custodial credit risk for investments is the risk that, in the event of a failure of the counter party, the Housing Authority will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The Housing Authority does not have a formal policy for custodial credit risk.

Most of the Housing Authority's investments at September 30, 2006 were with Government National Mortgage Association (GNMA), which are federal government mortgage backed securities. The investments are held in a Zion's Bank Corporate Trust account, of which \$100,000 is covered by FDIC insurance.

PROVO CITY HOUSING AUTHORITY

Notes to Financial Statements

September 30, 2006

NOTE 2 – CASH AND CASH EQUIVALENTS (CONTINUED)

Concentration of Credit Risk – Investments

Concentration of credit risk is the risk of a loss attributed to the magnitude of a government's investment in a single issuer.

The Housing Authority's policy for reducing this risk of loss is to comply with the Rules of the Money Management Council. Rule 17 of the Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to between 5 and 10 percent depending upon the total dollar amount held in the portfolio. The Money Management Council limitations do not apply to securities issued by the U.S. government and its agencies.

Most of the Housing Authority's investments at September 30, 2006 were with GNMA, which are federal government mortgage backed securities, and therefore, are not categorized as to concentration of credit risk.

NOTE 3 – CAPITAL ASSETS

Changes in capital assets are as follows:

	10/01/05	Additions	Disposals	09/30/06
Land - not being depreciated	\$ 3,143,070			\$ 3,143,070
Buildings	15,342,974	\$ 315,738		15,658,712
Equipment	767,036	14,336	\$ (51,779)	729,593
Accumulated depreciation	(8,211,515)	(540,643)	51,779	(8,700,379)
Net capital assets	<u>\$ 11,041,565</u>	<u>\$ (210,569)</u>	<u>\$ -0-</u>	<u>\$ 10,830,996</u>

NOTE 4 – LONG TERM DEBT

The Housing Authority issued Multifamily Housing Revenue Bonds Issue 1997. These bonds consist of two term bonds. The first issue was \$1,875,000 at 5.80%, maturing July 2022 and the second issue was \$665,000 at 6%, maturing July 2008, for a total of \$2,540,000. The Lookout Pointe real estate is collateral for the bond payable. The bond proceeds were invested in GNMA and MBIA government bonds. The fair value at September 30, 2006 was \$2,069,258.

During the 2000 fiscal year, the Housing Authority entered into an agreement with Wasatch Mental Health, to purchase Wasatch Mental Health's equity in a 24 unit apartment complex. The total purchase was funded with tax credit monies and payment of initial costs, by Wasatch Mental Health. The Housing Authority acquired Wasatch Mental Health's equity by issuance of a note for \$533,056 at 5% interest, payable in full, April 2030. The Housing Authority then sold the apartment complex to Maplevue Apartments II, L.L.C.,

PROVO CITY HOUSING AUTHORITY

Notes to Financial Statements

September 30, 2006

NOTE 4 – LONG TERM DEBT (CONTINUED)

an entity in which the Authority is the managing member (See Note 12). The Authority has a receivable from Mapleview Apartments II, L.L.C., for the same amount and terms as the note payable to Wasatch Mental Health. The note is secured by the building.

On July 8, 1997 Lookout Pointe Management, Inc., entered into an agreement with Capstone Realty to refinance the Lookout Pointe apartment complex mortgage. The principal loan amount was \$2,540,000 with an annual interest rate of 6.1%, consisting of 300 monthly payments of \$16,526 which includes \$4,491 in tax, insurance and replacement reserves. At the closing of the refinance, \$488,875 was placed in replacement reserves. The Capstone mortgage is collateralized by the GNMA and MBIA government bonds, which are owned by the Housing Authority.

On May 10, 2000 the Housing Authority entered into an agreement with Provo City Redevelopment Agency to finance the land acquisition for the Canyon View elderly housing project. The loan from the Redevelopment Agency is \$512,234 at 0% interest, payable in full in August 2032, secured by the land. The Housing Authority sold the property to Canyon View Partners, LLC, a tax credit project in which they are the managing member (see Note 12). The Housing Authority is financing the sale to Canyon View Partners, LLC, with a note for \$512,234 at 5.98% interest, payable in full in August 2032, secured by the land.

On October 23, 2002, the Housing Authority entered into an agreement with Provo City Redevelopment Agency to finance the renovation of two apartment buildings in Provo, Utah. The construction loan from the Redevelopment Agency is \$352,761 at 3% interest. Payments are scheduled 60 days after the receipt of the Certificate of Occupancy from Provo City. The loan is secured by the land and building.

In April 2005, the Housing Authority entered into a loan agreement with the Utah Valley Consortium of Cities and County to use HOME programs funds for the Maeser School Apartment Project. In October 2006, the Housing Authority loaned the funds to Maeser School Partners, LLC a tax credit project in which they are the managing member (See Note 12). The loan of \$300,000 bears no interest and will be repaid from the projects available cash flow over a period of thirty (30) years with a sixteen (16) year call. Repayments are expected to begin in the year 2013. The loan is secured by the land.

PROVO CITY HOUSING AUTHORITY

Notes to Financial Statements

September 30, 2006

NOTE 4 – LONG TERM DEBT (CONTINUED)

The following is a schedule of long-term debt maturities by year:

Year	Debt	
	Principal	Interest
2007	\$ 198,651	\$ 269,255
2008	204,521	258,587
2009	220,737	247,463
2010	227,326	235,674
2011	244,310	223,304
2012-2016	1,476,868	901,376
2017-2021	1,951,266	453,618
2022-2026	662,506	62,970
2027-2031	247,810	10,607
2032-2036	65,738	
2037-2041	50,000	
2042	10,000	
Total	5,559,733	2,662,854
Less current portion	(198,651)	(269,255)
Total long-term debt	<u>\$ 5,361,082</u>	<u>\$ 2,393,599</u>

Long-term liability activity for the year ended September 30, 2006 is summarized as follows:

	Balance 10/01/05	Additions	Reductions	Balance 09/30/06	Due within one year
Discretionary					
Wasatch Mental Health	\$ 485,355		\$ 10,306	\$ 475,049	\$ 10,832
Supportive Housing	327,041		11,374	315,667	11,724
Multifamily Revenue Bonds	2,105,000		70,000	2,035,000	80,000
Canyon View	459,663		17,075	442,588	17,074
Maeser Project	500,000		500,000		
Lookout Pointe					
Capstone Realty	2,065,785		74,356	1,991,429	79,021
Provo Nonprofit					
Home Loan Payable		\$ 300,000		300,000	
Total	<u>\$ 5,942,844</u>	<u>\$ 300,000</u>	<u>\$ 683,111</u>	<u>\$ 5,559,733</u>	<u>\$ 198,651</u>

PROVO CITY HOUSING AUTHORITY

Notes to Financial Statements

September 30, 2006

NOTE 5 – ECONOMIC DEPENDENCY

Approximately 83% of the Housing Authority's revenue for operations is provided by one federal government agency - The Department of Housing and Urban Development.

NOTE 6 – PRIOR PERIOD ADJUSTMENTS

Prior period adjustments for the 2006 fiscal year consist of adjustments made by HUD, for prior year reported amounts. The amounts are \$3,339 for Public Housing and \$51,714 for Vouchers.

NOTE 7 – INTERFUND ASSETS, LIABILITIES, AND TRANSFERS

The individual funds with interfund receivable/payable balances at September 30, 2006 and the balances related to Lookout Pointe and Provo Nonprofit at December 31, 2006 are as follows:

	September 30, 2006		December 31, 2006	
	Receivable	Payable	Receivable	Payable
Discretionary	\$ 604,251	\$ 239,496	\$ 674,729	
Public Housing	274,982		94,979	
Vouchers	121,352	31,335		
Lookout Pointe		125,514		\$ 94,989
Provo Nonprofit		604,240		674,719
Total	<u>\$ 1,000,585</u>	<u>\$ 1,000,585</u>	<u>\$ 769,708</u>	<u>\$ 769,708</u>

The interfund balances are due to the timing of revenues and expenses. Interfund receivable/payable has been eliminated in the total column on the Statement of Net Assets. The transfer from Discretionary to Provo Nonprofit was to move the activity of the Maeser School Partners project. Provo Nonprofit was established for the purpose of owning and operating the Maeser School Partners housing project.

NOTE 8 – RETIREMENT PLANS

The Housing Authority contributes to the Local Governmental Contributory Retirement System and the Local Governmental Noncontributory System. These retirement systems are a cost-sharing multiple-employer defined benefit pension plan administered by the Utah Retirement Systems (Systems). The Systems provide retirement benefits, annual cost of living allowances, death benefits and refunds to plan members and beneficiaries in accordance with retirement statutes established and amended by the State Legislature.

The Systems are established and governed by the respective sections of Chapter 49 of the *Utah Code Annotated* 1958 (Chapter 49) as amended, which also establishes the Utah State Retirement Office

PROVO CITY HOUSING AUTHORITY

Notes to Financial Statements

September 30, 2006

NOTE 8 – RETIREMENT PLANS (CONTINUED)

(Office) for the administration of the Utah Retirement Systems and plans. Chapter 49 places the Systems, the Office and related plans and programs under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Systems and Plans. A copy of the report may be obtained by writing to the Utah Retirement System, 540 East 200 South, Salt Lake City, Utah 84102 or by calling 1-800-365-8772.

Under the contributory system, the Authority paid both the employer and employee portions of the required plan contributions for eligible employees totaling 13.58% for the fiscal year. Under the noncontributory system the Authority contributed 11.59% of eligible employees' earnings for the fiscal year. The contribution rates are actuarially determined rates and are approved by the Board as authorized by Chapter 49. The Executive Director has the option of not being covered under this plan. He may have the Housing Authority's retirement contributions made to a qualified retirement plan of his choice.

The Housing Authority's contributions to the various systems for the years ending September 30, 2006, 2005 and 2004 respectively were; for the Contributory System \$11,074, \$11,928, and \$13,809; and \$72,127, \$68,563, and \$59,452, for the Noncontributory System, respectively. The contributions were equal to the required contributions for each year.

The Authority also participates in a 401A retirement plan administered by ICMA. This plan meets the requirements of a qualified plan under section 401A of the Internal Revenue Code and covers all eligible employees. Under the plan, the Authority contributes 10.06% of eligible earnings for employees. The Authority's expenditures for this plan for the 2006 fiscal year was \$81,989, with a covered payroll of \$814,839. Employees are 100% vested in all contributions made to this plan. As noted above, the Executive Director may have contributions made to the 401A plan in lieu of the Utah State Retirement System. Additional contributions in the amount of \$9,907 were made to the plan under this option.

NOTE 9 – DEFERRED COMPENSATION PLAN

Provo City Housing Authority offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all eligible employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are held in trust for the exclusive benefit of the participants or their beneficiaries by Utah Retirement Systems.

PROVO CITY HOUSING AUTHORITY

Notes to Financial Statements

September 30, 2006

NOTE 10 – RELATED PARTY TRANSACTIONS

Provo City Housing Authority maintains all of the accounting records for Provo Westgate, Crimson Court, Maple View Apartments II, Canyon View Partners, Provo Crown I, and Maeser School Partners. All revenues are deposited into the Housing Authority's accounts and all expenses are paid by Provo City Housing Authority checks. A receivable or payable is maintained in Discretionary Housing for each account showing the amounts that are due to or from each entity. See Note 12 for additional information about the entities.

NOTE 11 – CONTINGENT LIABILITY

Provo City Housing Authority is obligated for the loan to Provo City Redevelopment Agency for Provo Westgate Apartments, L.C. (as referred to in Note 12) if Provo Westgate defaults on the loan. The loan is in Provo Housing's name but was transferred to Provo Westgate upon the establishment of the limited liability company.

In February 2004, the Provo City Housing Authority entered into a loan agreement with Provo City to use Community Development Block Grant funds for the Maeser School Apartment Project. The loan balance was transferred to Maeser School Partners, LLC in October 2006 (See Note 12). The loan of \$200,000 will be repaid over a period of thirty (30) years and bears no interest. Repayments are expected to begin in the year 2013. The loan is secured by the land.

NOTE 12 – EQUITY INTEREST IN JOINT VENTURES

Provo Westgate Apartments, L.C.

The Housing Authority is a party to a joint venture with Wells Fargo Bank. The joint venture, Provo Westgate Apartments, L.C., was created to provide low-income housing for the clientele of The Center for Women and Children in Crisis. Provo City Housing Authority, a one-percent member, is the managing member in the limited liability company and manages the rental units. Summarized information for the entity is as follows:

Assets	\$ 487,744
Liabilities	(143,344)
Equity	<u>\$ 344,400</u>
Revenues	\$ 49,779
Expenses before depreciation	(32,718)
Net income before depreciation	17,061
Depreciation	(31,487)
Net loss	<u>\$ (14,426)</u>

PROVO CITY HOUSING AUTHORITY

Notes to Financial Statements

September 30, 2006

NOTE 12 – EQUITY INTEREST IN JOINT VENTURES (CONTINUED)

Provo Westgate Apartments, L.C. (Continued)

The Housing Authority's capital account equaled \$327,991 on December 31, 2006.

On December 31, 2006, Provo Westgate Apartment, LC was obligated for mortgage loans in the amount of \$87,445 to Provo City Redevelopment Agency at 0% interest and \$42,133 to Wells Fargo Bank at 8.53% interest.

Crimson Court, L.C.

The Housing Authority is also a party to a joint venture with Zion's Bank. The joint venture, Crimson Court, L.C., was created to provide low-income housing to residents of Provo, Utah. The Housing Authority, a one-percent member, is the managing member in the limited liability company and manages the rental units. Summarized information for the entity is as follows:

Assets	\$ 388,125
Liabilities	<u>(175,784)</u>
Equity	<u>\$ 212,341</u>
Revenues	\$ 39,954
Expenses before depreciation	<u>(20,095)</u>
Net income before depreciation	19,859
Depreciation	<u>(23,479)</u>
Net loss	<u>\$ (3,620)</u>

The Housing Authority's capital account equaled \$54,919 on December 31, 2006.

On December 31, 2006, Crimson Court, L.C. was obligated for a mortgage loan in the amount of \$167,029 to Provo City Redevelopment Agency at 0% interest.

Provo Crown I

The Housing Authority is also a party to a joint venture with American Express Financial Services. The joint venture, Provo Crown I, was created to provide low-income housing with a rent to own option. The homes will be rented for fifteen years and then sold to the renters. The Housing Authority, a one-percent member, is the managing member in the limited liability company and manages the rental units. Summarized information for the entity is as follows:

PROVO CITY HOUSING AUTHORITY

Notes to Financial Statements

September 30, 2006

NOTE 12 – EQUITY INTEREST IN JOINT VENTURES (CONTINUED)

Provo Crown I (Continued)

Assets	\$ 638,324
Liabilities	<u>(327,156)</u>
Equity	<u>\$ 311,168</u>

Revenues	\$ 38,482
Expenses before depreciation	<u>(25,714)</u>
Net income before depreciation	12,768
Depreciation	<u>(25,851)</u>
Net loss	<u>\$ (13,083)</u>

The Housing Authority's capital account equaled \$31,356 on December 31, 2006.

On December 31, 2006, Provo Crown I was obligated for a fifteen year deferred payment loan in the amount of \$156,000 to Provo City Redevelopment Agency at 0% interest and \$161,218 to Utah Housing Finance at 8% interest.

Mapleview Apartments II, L.L.C

The Housing Authority is also a party to a joint venture with JP Morgan Capital Corporation. The joint venture, Mapleview Apartments II, L.L.C., was created to provide low-income housing to mentally ill individuals. The Housing Authority, a one-tenth of one-percent member, is the managing member in the limited liability company and manages the rental units. Summarized information for the entity is as follows:

Assets	\$ 1,298,841
Liabilities	<u>(549,155)</u>
Equity	<u>\$ 749,686</u>

Revenues	\$ 138,318
Expenses before depreciation	<u>(112,299)</u>
Net income before depreciation	26,019
Depreciation	<u>(63,956)</u>
Net loss	<u>\$ (37,937)</u>

The Housing Authority's capital account equaled \$292 on December 31, 2006.

On December 31, 2006, Mapleview Apartments II, L.L.C., was obligated for a thirty year note in the amount of \$472,392 to Provo City Housing Authority at 5% interest.

PROVO CITY HOUSING AUTHORITY

Notes to Financial Statements

September 30, 2006

NOTE 12 – EQUITY INTEREST IN JOINT VENTURES (CONTINUED)

Canyon View Partners, L.L.C.

The Housing Authority is also a party to a joint venture with JP Morgan Capital Corporation and American Express Utah Equity Fund. The joint venture, Canyon View Partners L.L.C., was created to provide low-income housing to the elderly. The Housing Authority, a one-tenth of one-percent member, is the managing member in the limited liability company and manages the entity. Summarized information for the entity is as follows:

Assets	\$ 2,714,647
Liabilities	<u>(1,206,920)</u>
Equity	<u>\$ 1,507,727</u>
Revenues	\$ 180,530
Expenses before depreciation	<u>(175,240)</u>
Net income before depreciation	5,290
Depreciation	<u>(98,654)</u>
Net loss	<u>\$ (93,364)</u>

The Housing Authority's capital account equaled \$96,112 at December 31, 2006.

On December 31, 2006 Canyon View Partners was obligated for a thirty year loan in the amount of \$512,234 to the Housing Authority at 5.98% interest. They are obligated for a thirty year HOME loan in the amount of \$162,521 from Provo City Redevelopment Agency at 3% interest. They are obligated for a thirty year loan in the amount of \$183,455 from the Olene Walker Housing Trust Fund at 2% interest. They are obligated for a fifteen year loan in the amount of \$230,962 from Utah Community Reinvestment Corporation.

Maeser School Partners, L.L.C.

The Housing Authority is also a party to a joint venture with American Express West Equity Fund and Washington Mutual Affordable Housing Fund. The joint venture, Maeser School Partners L.L.C., was created to provide low-income housing to the elderly. The Housing Authority, a one-tenth of one-percent member, is the managing member in the limited liability company and manages the entity. Summarized information for the entity is as follows:

PROVO CITY HOUSING AUTHORITY

Notes to Financial Statements

September 30, 2006

NOTE 12 – EQUITY INTEREST IN JOINT VENTURES (CONTINUED)

Maeser School Partners, L.L.C. (Continued)

Assets	\$ 4,806,499
Liabilities	<u>(1,118,055)</u>
Equity	<u>\$ 3,688,444</u>
Revenues	\$ 27,486
Expenses before depreciation	<u>(118,261)</u>
Net income before depreciation	(90,775)
Depreciation	<u>(26,985)</u>
Net loss	<u>\$ (117,760)</u>

The Housing Authority's capital account equaled \$962,448 at December 31, 2006.

On December 31, 2006 Maeser School Partners was obligated for a thirty year loan in the amount of \$200,000 from Provo City to use Community Development Block Grant funds bearing no interest. They are obligated for a thirty year loan in the amount of \$270,000 from the Olene Walker Housing Trust Fund at 2% interest. They are obligated on a \$300,000 loan payable to the Housing Authority bearing no interest repayable from available cash flow. They also have a \$311,980 construction loan at 9.25% interest payable in May 2007 to the Washington Mutual Affordable Housing Fund.

Managing Member

The Housing Authority, as the managing member of the joint ventures, is responsible for the day to day operations. They are also responsible to insure the entities comply with tax credit regulations required by the Internal Revenue Code.

NOTE 13 – RISK MANAGEMENT

The Housing Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions, workers compensation risks, and natural disasters for which the Housing Authority carries commercial insurance and commercial workers' compensation insurance. There were no significant reductions in coverage from the prior year, and settlement claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

PROVO CITY HOUSING AUTHORITY

Notes to Financial Statements

September 30, 2006

NOTE 14 – NET ASSETS

Net assets at year end consisted of the following:

	<u>Public Housing</u>	<u>Vouchers</u>	<u>Discretionary</u>
Invested in capital assets, net of related debt:			
Property, plant, and equipment, net	\$ 7,579,579	\$ 156,320	\$ 1,176,691
Outstanding debt issued to construct capital assets			(315,666)
Total invested in capital assets, net of related debt	<u>\$ 7,579,579</u>	<u>\$ 156,320</u>	<u>\$ 861,024</u>
Restricted net assets:			
Housing assistance payments		\$ 414,362	
GNMA and MBIA debt reserves			\$ 2,076,848
less outstanding debt			(2,076,848)
Total restricted net assets	<u>\$ -0-</u>	<u>\$ 414,362</u>	<u>\$ -0-</u>
Unrestricted net assets:	<u>\$ 290,508</u>	<u>\$ 370,637</u>	<u>\$ 1,178,198</u>
Total net assets	<u>\$ 7,870,087</u>	<u>\$ 941,319</u>	<u>\$ 2,039,222</u>

	<u>Lookout Pointe</u>	<u>Provo Nonprofit</u>
Invested in capital assets, net of related debt:		
Property, plant, and equipment, net	\$ 1,918,410	
Outstanding debt issued to construct capital assets	(1,918,410)	
Total invested in capital assets, net of related debt	<u>\$ -0-</u>	<u>\$ -0-</u>
Restricted net assets:		
Escrow reserves	\$ 134,354	
Capital asset projects	38,740	
Total restricted net assets	<u>\$ 173,094</u>	<u>\$ -0-</u>
Unrestricted net assets (deficit):	<u>\$ (79,379)</u>	<u>\$ 287,729</u>
Total net assets	<u>\$ 93,715</u>	<u>\$ 287,729</u>

PROVO CITY HOUSING AUTHORITY

Notes to Financial Statements

September 30, 2006

NOTE 15 – COMPONENT UNITS

Lookout Pointe Management, Inc.

Lookout Pointe Management, Inc. was incorporated under the State of Utah Nonprofit Corporation and Co-operative Association Act on March 14, 1997. Prior to this time, it was operated as part of the Housing Authority. Lookout Pointe is a blended component unit of Provo City Housing Authority. Lookout Pointe is a calendar year reporting entity. The financial data reported in the Housing Authority's financial statements is reported as of December 31, 2006. Lookout Pointe was formed with the intention of operating as an organization that would qualify as a corporation described in Section 501(c)(3) of the Internal Revenue Code. The Internal Revenue Service has approved Lookout Pointe's 501(c)(3) exemption. Separately issued financial statements of Lookout Pointe Inc., are available from the Housing Authority.

Provo Nonprofit Housing Development Corp.

Provo Nonprofit Housing Development Corp. was incorporated under the State of Utah Nonprofit Corporation and Co-operative Association Act on December 14, 2004. Provo Nonprofit is a blended component unit of Provo City Housing Authority. Provo Nonprofit is a calendar year reporting entity. The financial data reported in the Housing Authority's financial statements is reported as of December 31, 2006. Provo Nonprofit was formed with the intention of operating as an organization that would qualify as a corporation described in Section 501(c)(3) of the Internal Revenue Code. The Internal Revenue Service has approved Provo Nonprofits's 501(c)(3) exemption.

NOTE 16 – SUBSEQUENT EVENT

In December 2006, the Housing Authority's Board of Commissioners received and accepted an offer on the Lookout Pointe Apartments. The low income apartment building will be sold to an independent investor in early 2007. As of the release of the audited financial statements, the details of the sale had not been finalized.

SUPPLEMENTAL INFORMATION

Supplemental information includes the individual fund financial statements. They are not required by the accounting principles generally accepted in the United States of America but are presented for the purpose of additional analysis.

PROVO CITY HOUSING AUTHORITY
DISCRETIONARY
Statement of Net Assets
September 30, 2006
With Comparative Totals for September 30, 2005

ASSETS

	2006	2005
Current assets		
Cash and cash equivalents	\$ 45,270	\$ 46,833
HUD receivables	51,962	44,083
Receivables	43,423	27,660
Due from other funds	604,251	
Interest receivable	19,053	19,096
Current portion note receivable	10,832	10,434
Other current assets	92,486	93,284
Total current assets	<u>867,277</u>	<u>241,390</u>
Net capital assets	<u>1,176,691</u>	<u>1,202,661</u>
Noncurrent assets		
Investment in MBIA bonds	66,404	62,272
Investment in GNMA bonds	1,917,958	1,990,393
Interest receivable Canyon View Partners, LLC	72,791	55,169
Restricted cash and cash equivalents	3,790	4,195
Maeser school project		1,009,892
Note receivable Maplevue LLC	475,049	485,354
Note receivable Canyon View Partners, LLC	512,234	512,234
Equity investments tax credit projects	510,670	511,112
Less current portion note receivable	<u>(10,832)</u>	<u>(10,434)</u>
Total noncurrent assets	<u>3,548,064</u>	<u>4,620,187</u>
Total assets	<u>\$ 5,592,032</u>	<u>\$ 6,064,238</u>

LIABILITIES

Current liabilities		
Accounts payable	\$ 15,410	\$ 29,523
Interest payable	25,166	25,982
Tenant security deposits	3,790	4,195
Deferred revenues	644	1,625
Due to other funds	239,496	119,826
Current portion notes payable	27,906	27,379
Current portion long term debt	91,724	81,493
Total current liabilities	<u>404,136</u>	<u>290,023</u>
Noncurrent liabilities		
Note payable Wasatch Mental Health	475,049	485,354
Note payable Maeser School Project		500,000
Long term debt	2,793,255	2,891,705
Less current portion	<u>(119,630)</u>	<u>(108,872)</u>
Total noncurrent liabilities	<u>3,148,674</u>	<u>3,768,187</u>
Total liabilities	<u>\$ 3,552,810</u>	<u>\$ 4,058,210</u>

NET ASSETS

Invested in capital assets, net of related debt	\$ 861,024	\$ 875,619
Unrestricted	<u>1,178,198</u>	<u>1,130,409</u>
Total net assets	<u>\$ 2,039,222</u>	<u>\$ 2,006,028</u>

PROVO CITY HOUSING AUTHORITY
DISCRETIONARY
Statement of Revenues, Expenses and Changes in Net Assets
Budget and Actual
For the Year Ended September 30, 2006
With Comparative Totals for the Year Ended September 30, 2005

	2006		Variance	2005
	Budget	Actual	Favorable (Unfavorable)	Actual
Operating revenues				
HUD contributions	\$ 155,268	\$ 192,550	\$ 37,282	\$ 191,484
Management fees	23,000	23,836	836	23,689
Dwelling rents	100,500	108,615	8,115	111,702
Other fees and services	13,434	1,396	(12,038)	632
Total operating revenues	292,202	326,397	34,195	327,507
Operating expenses				
Housing assistance payments	143,064	143,469	(405)	138,924
General	92,683	102,432	(9,749)	100,705
Depreciation		34,189	(34,189)	33,631
Total operating expenses	235,747	280,090	(44,343)	273,260
Operating income	56,455	46,307	(10,148)	54,247
Nonoperating income (expense)				
Interest income	128,500	183,000	54,500	192,410
Interest expense	(146,030)	(154,373)	(8,343)	(172,156)
Equity investments		(438)	(438)	(564)
Loss on sale of Maeser/Franklin project		(1,702)	(1,702)	(166,283)
Total nonoperating income (expense)	(17,530)	26,487	44,017	(146,593)
Income (loss) before capital contributions and operating transfers	38,925	72,794	33,869	(92,346)
Capital contributions		223,968		39,600
Operating transfers		(263,568)		
Net income (loss)	\$ 38,925	33,194	\$ 33,869	(52,746)
Change in Net Assets				
Net assets - beginning of year		2,006,028		2,058,774
Net assets - end of year		\$ 2,039,222		\$ 2,006,028

NOTE: IN THIS FUND THE HOUSING AUTHORITY ONLY ESTABLISHES
BUDGETS FOR HUD PROGRAMS.

PROVO CITY HOUSING AUTHORITY
DISCRETIONARY
Statement of Cash Flows
For the Year Ended September 30, 2006
With Comparative Totals for the Year Ended September 30, 2005

	2006	2005
Cash flows from operating activities		
HUD contributions	\$ 184,671	\$ 191,484
Management fees	23,836	150,249
Dwelling rents	92,862	113,043
Housing assistance payments	(143,469)	(138,924)
Payments to employees	(36,608)	(28,016)
Payments to suppliers	(79,937)	(97,213)
Net cash provided by operating activities	<u>41,355</u>	<u>190,623</u>
Cash flows from noncapital financing activities		
Transfers to other funds	(263,568)	
Net cash used for noncapital financing activities	<u>(263,568)</u>	
Cash flows from capital and related financing activities		
Acquisition and construction of capital assets	(8,218)	(3,737)
Interest paid on debt	(155,189)	(193,510)
Proceeds from capital grants	223,968	39,600
Proceeds from issuance of debt		35,697
Principal payments on debt	(98,450)	(101,034)
Principal payments on notes payable	(10,305)	(759,803)
Net cash used for capital and related financing activities	<u>(48,194)</u>	<u>(982,787)</u>
Cash flows from investing activities		
Payments received on note receivable	9,907	9,803
Interest income	165,421	196,827
Investment in MBIA and GNMA bonds	69,101	69,252
Investment in tax credit projects	24,010	501,775
Net cash provided by investing activities	<u>268,439</u>	<u>777,657</u>
Net changes in cash and cash equivalents	(1,968)	(14,507)
Cash and cash equivalents October 1	51,028	65,535
Cash and cash equivalents September 30	<u>\$ 49,060</u>	<u>\$ 51,028</u>
Cash and cash equivalents	\$ 45,270	\$ 46,833
Restricted cash and cash equivalents	3,790	4,195
Total cash and cash equivalents	<u>\$ 49,060</u>	<u>\$ 51,028</u>
Reconciliation of change in net assets to net cash from operations		
Operating income	\$ 46,307	\$ 54,247
Adjustments to reconcile change in income to net cash provided by operating activities		
Depreciation	34,189	33,631
Increase/decrease in		
Accounts receivable	(23,642)	91,480
Due from other funds		1,199
Accounts payable	(14,113)	(7,923)
Accrued liabilities	(405)	670
Deferred revenues	(981)	1,341
Due to other funds		15,978
Net cash provided by operating activities	<u>\$ 41,355</u>	<u>\$ 190,623</u>

Supplemental information

The Discretionary fund transferred its investment in Maeser School Partners to the Provo Nonprofit fund.

PROVO CITY HOUSING AUTHORITY
PUBLIC HOUSING
Statement of Net Assets
September 30, 2006
With Comparative Totals for September 30, 2005

ASSETS

	2006	2005 As Restated
Current Assets		
Cash and cash equivalents	\$ 28,217	\$ 100,677
Receivables	10,795	7,326
HUD receivable	58,821	42,204
Due from other funds	274,982	243,132
Prepaid insurance	57,637	54,177
Total current assets	<u>430,452</u>	<u>447,516</u>
Net capital assets	<u>7,579,579</u>	<u>7,700,511</u>
Noncurrent assets		
Restricted cash and cash equivalents	62,203	62,665
Total noncurrent assets	<u>62,203</u>	<u>62,665</u>
Total assets	<u><u>\$ 8,072,234</u></u>	<u><u>\$ 8,210,692</u></u>

LIABILITIES

Current liabilities		
Accounts payable	\$ 19,390	\$ 24,723
Accrued liabilities	42,006	38,774
Payment in lieu of taxes	48,898	45,775
Tenant security deposits	62,203	62,665
Prepaid rent	6,799	8,798
FSS escrow	12,115	17,935
Total current liabilities	<u>191,411</u>	<u>198,670</u>
Noncurrent liabilities, compensated absences	<u>10,733</u>	<u>10,606</u>
Total liabilities	<u><u>\$ 202,144</u></u>	<u><u>\$ 209,276</u></u>

NET ASSETS

Invested in capital assets, net of related debt	\$ 7,579,579	\$ 7,700,511
Unrestricted	290,511	300,906
Total net assets	<u><u>\$ 7,870,090</u></u>	<u><u>\$ 8,001,417</u></u>

**PROVO CITY HOUSING AUTHORITY
PUBLIC HOUSING
Statement of Revenues, Expenses and Changes in Net Assets
Budget and Actual**

For the Year Ended September 30, 2006
With Comparative Totals for the Year Ended September 30, 2005

	2006		Variance	2005
	Budget	Actual	Favorable (Unfavorable)	As Restated
Operating revenues				
HUD operating subsidy	\$ 305,821	\$ 305,821		\$ 317,132
HUD operating grant	104,244	87,114	\$ (17,130)	72,006
Dwelling rents	593,000	587,459	(5,541)	572,569
Other fees and services	36,000	39,435	3,435	39,496
Total operating revenues	<u>1,039,065</u>	<u>1,019,829</u>	<u>(19,236)</u>	<u>1,001,203</u>
Operating expenses				
Administration	205,000	291,881	(86,881)	313,903
Tenant services	1,100	822	278	1,003
Utilities	127,500	127,941	(441)	114,272
Labor	145,000	139,871	5,129	134,089
Materials	107,000	107,679	(679)	113,407
Contract costs	64,000	64,597	(597)	58,852
General	640,682	285,130	355,552	252,115
Non-routine maintenance	9,000	8,294	706	6,817
Depreciation		384,551	(384,551)	378,940
Total operating expenses	<u>1,299,282</u>	<u>1,410,766</u>	<u>(111,484)</u>	<u>1,373,398</u>
Operating loss	<u>(260,217)</u>	<u>(390,937)</u>	<u>(130,720)</u>	<u>(372,195)</u>
Nonoperating income (expense)				
Interest income	7,500	7,413	(87)	4,997
Loss on disposal of equipment				(6,815)
Total non-operating income (expense)	<u>7,500</u>	<u>7,413</u>	<u>(87)</u>	<u>(1,818)</u>
Income (loss) before contributions	<u>(252,717)</u>	<u>(383,524)</u>	<u>(130,807)</u>	<u>(374,013)</u>
Capital contribution	<u>243,238</u>	<u>252,197</u>	<u>8,959</u>	<u>286,712</u>
Net loss	<u>\$ (9,479)</u>	<u>(131,327)</u>	<u>\$ (121,848)</u>	<u>(87,301)</u>
Change in Net Assets				
Net assets - beginning of year as previously reported		<u>7,998,078</u>		<u>8,088,718</u>
Cumulative effect of prior period adjustment		<u>3,339</u>		
Net assets - beginning of year as restated		<u>8,001,417</u>		<u>8,088,718</u>
Net assets - end of year		<u>\$ 7,870,090</u>		<u>\$ 8,001,417</u>

NOTE: IN THIS FUND THE HOUSING AUTHORITY ONLY ESTABLISHES BUDGETS FOR HUD PROGRAMS.

**PROVO CITY HOUSING AUTHORITY
PUBLIC HOUSING
Statement of Cash Flows**

For the Year Ended September 30, 2006
With Comparative Totals for the Year Ended September 30, 2005

	2006	2005 As Restated
Cash flows from operating activities		
HUD contributions	\$ 376,317	\$ 361,152
Dwelling rents and other services	589,117	562,062
Payments to employees	(470,948)	(343,494)
Payments to suppliers	(563,398)	(671,248)
Net cash used for operating activities	<u>(68,912)</u>	<u>(91,528)</u>
Cash flows from capital and related financing activities		
Acquisition and construction of capital assets	(263,620)	(369,636)
Proceeds from capital grants	252,197	358,717
Proceeds from sale of capital assets		1,347
Net cash used by capital and related financing activities	<u>(11,423)</u>	<u>(9,572)</u>
Cash flow from investing activities		
Interest income	7,413	4,997
Net cash provided by investing activities	<u>7,413</u>	<u>4,997</u>
Net changes in cash and cash equivalents	(72,922)	(96,103)
Cash and cash equivalents October 1	163,342	259,445
Cash and cash equivalents September 30	<u>\$ 90,420</u>	<u>\$ 163,342</u>
Cash and cash equivalents	\$ 28,217	\$ 100,677
Restricted cash and cash equivalents	62,203	62,665
Total cash and cash equivalents	<u>\$ 90,420</u>	<u>\$ 163,342</u>
Reconciliation of change in net assets to net cash from operations		
Operating loss	\$ (390,937)	\$ (372,195)
Adjustments to reconcile change in income to net cash provided by operating activities		
Depreciation	384,551	378,940
Increase/decrease in		
Receivables	(20,084)	44,926
Due from other funds	(31,850)	(55,064)
Prepaid insurance	(3,460)	1,286
Accounts payable	(2,210)	(89,310)
Accrued liabilities	3,359	7,475
FSS escrow	(5,820)	(11,741)
Prepaid rent	(1,999)	3,605
Tenant security deposits	(462)	550
Net cash used for operating activities	<u>\$ (68,912)</u>	<u>\$ (91,528)</u>

**PROVO CITY HOUSING AUTHORITY
VOUCHERS**

Statement of Net Assets

September 30, 2006

With Comparative Totals for September 30, 2005

ASSETS

	2006	2005 As Restated
Current assets		
Cash and cash equivalents	\$ 478,800	\$ 707,883
Due from other funds	121,352	
Other receivables		2,585
Total current assets	<u>600,152</u>	<u>710,468</u>
Net capital assets	<u>156,320</u>	<u>161,417</u>
Noncurrent assets		
Restricted cash and cash equivalents	<u>414,362</u>	
Total noncurrent assets	<u>414,362</u>	
Total assets	<u><u>\$ 1,170,834</u></u>	<u><u>\$ 871,885</u></u>

LIABILITIES

Current liabilities		
Accrued liabilities	\$ 24,038	\$ 25,149
FSS escrow	169,629	163,621
Due to other funds	<u>31,335</u>	<u>39,933</u>
Total current liabilities	<u>225,002</u>	<u>228,703</u>
Noncurrent liabilities		
Compensated absences	<u>4,513</u>	<u>4,724</u>
Total noncurrent liabilities	<u>4,513</u>	<u>4,724</u>
Total liabilities	<u><u>\$ 229,515</u></u>	<u><u>\$ 233,427</u></u>

NET ASSETS

Invested in capital assets, net of related debt	\$ 156,320	\$ 161,417
Restricted housing assistance payments	414,362	
Unrestricted	<u>370,637</u>	<u>477,041</u>
Total net assets	<u><u>\$ 941,319</u></u>	<u><u>\$ 638,458</u></u>

PROVO CITY HOUSING AUTHORITY
VOUCHERS
Statement of Revenues, Expenses and Changes in Net Assets
Budget and Actual
For the Year Ended September 30, 2006
With Comparative Totals for the Year Ended September 30, 2005

	2006		Variance	2005
	Budget	Actual	Favorable (Unfavorable)	As Restated
Operating revenues				
HUD annual contribution	\$ 3,758,866	\$ 3,998,392	\$ 239,526	\$ 3,887,789
HUD administrative fee	445,062	496,928	51,866	478,736
Recovery funds	41,000	26,863	(14,137)	21,609
Total operating revenues	4,244,928	4,522,183	277,255	4,388,134
Operating expenses				
Housing assistance payments	3,700,000	3,700,869	(869)	3,775,366
Administration	497,000	493,389	3,611	471,631
General	50,400	48,244	2,156	40,184
Depreciation		8,688	(8,688)	8,258
Total operating expenses	4,247,400	4,251,190	(3,790)	4,295,439
Net operating income	(2,472)	270,993	273,465	92,695
Nonoperating income (expense)				
Interest income		31,868	31,868	14,964
Total nonoperating income (expense)		31,868	31,868	14,964
Net income	\$ (2,472)	302,861	\$ 305,333	107,659
Change in Net Assets				
Net assets - beginning of year as previously reported		586,743		530,799
Cumulative effect of prior period adjustment		51,715		
Net assets - beginning of year as restated		638,458		530,799
Net assets - end of year		\$ 941,319		\$ 638,458

NOTE: IN THIS FUND THE HOUSING AUTHORITY ONLY
ESTABLISHES BUDGETS FOR HUD PROGRAMS.

**PROVO CITY HOUSING AUTHORITY
VOUCHERS**

Statement of Cash Flows

For the Year Ended September 30, 2006

With Comparative Totals for the Year Ended September 30, 2005

	2006	2005 As Restated
Cash flows from operating activities		
HUD contributions	\$ 4,495,320	\$ 4,056,719
Other revenues	29,448	19,023
Housing assistance payments	(3,700,869)	(3,789,369)
Payments to employees	(494,584)	(469,577)
Payments to suppliers	(172,311)	(70,258)
Net cash provided by (used for) operating activities	<u>157,004</u>	<u>(253,462)</u>
Cash flows from capital and related financing activities		
Acquisition and construction of capital assets	(3,593)	(95,872)
Net cash used for capital and related financing activities	<u>(3,593)</u>	<u>(95,872)</u>
Cash flow from investing activities		
Interest income	31,868	14,622
Net cash provided by investing activities	<u>31,868</u>	<u>14,622</u>
Net changes in cash and cash equivalents	185,279	(334,712)
Cash and cash equivalents October 1	707,883	1,042,595
Cash and cash equivalents September 30	<u>\$ 893,162</u>	<u>\$ 707,883</u>
Cash and cash equivalents	\$ 478,800	\$ 707,883
Restricted cash and cash equivalents	414,362	
Total cash and cash equivalents	<u>\$ 893,162</u>	<u>\$ 707,883</u>
Reconciliation of changes in net assets to net cash from operations		
Operating income	\$ 270,993	\$ 92,695
Adjustments to reconcile change in income to net cash provided by operating activities		
Depreciation	8,688	8,258
Increase/decrease in		
Other receivables	2,585	(2,585)
Due from other funds	(121,350)	346
HUD payable		(335,149)
Accrued liabilities	(1,111)	3,348
FSS escrow	6,008	(18,406)
Due to other funds	(8,598)	(672)
Compensated absences	(211)	(1,297)
Net cash provided by (used for) operating activities	<u>\$ 157,004</u>	<u>\$ (253,462)</u>

**PROVO CITY HOUSING AUTHORITY
LOOKOUT POINTE
Statement of Net Assets**

December 31, 2006

With Comparative Totals for December 31, 2005

ASSETS

	2006	2005
Current assets		
Cash and cash equivalents	\$ 48,792	\$ 44,267
Rent receivable	5,058	4,486
Prepaid property insurance	9,773	8,768
Total current assets	<u>63,623</u>	<u>57,521</u>
Net capital assets	<u>1,918,406</u>	<u>1,976,976</u>
Noncurrent assets		
Bond issuance costs, net of amortization	51,646	54,978
Tenant security deposits	42,251	39,076
Restricted cash and cash equivalents	173,094	181,762
Total noncurrent assets	<u>266,991</u>	<u>275,816</u>
Total assets	<u><u>\$ 2,249,020</u></u>	<u><u>\$ 2,310,313</u></u>

LIABILITIES

Current liabilities		
Accounts payable	\$ 2,205	\$ 2,218
Accrued liabilities	6,469	7,258
Due to other funds	94,989	39,567
Interest payable	10,123	10,501
Tenant security deposits	42,251	39,076
Prepaid rent	7,839	4,766
Current portion long-term debt	79,021	74,356
Total current liabilities	<u>242,897</u>	<u>177,742</u>
Long-term liabilities		
Long-term debt	1,991,429	2,065,785
Less current portion	<u>(79,021)</u>	<u>(74,356)</u>
Total long-term liabilities	<u>1,912,408</u>	<u>1,991,429</u>
Total liabilities	<u><u>\$ 2,155,305</u></u>	<u><u>\$ 2,169,171</u></u>

NET ASSETS

Restricted		
Escrow reserves	\$ 134,354	\$ 181,762
Capital asset projects	38,740	
Unrestricted (deficit)	<u>(79,379)</u>	<u>(40,620)</u>
Total net assets	<u><u>\$ 93,715</u></u>	<u><u>\$ 141,142</u></u>

PROVO CITY HOUSING AUTHORITY
LOOKOUT POINTE
Statement of Revenues, Expenses, and Changes in Net Assets
Budget and Actual
For the Year Ended December 31, 2006
With Comparative Totals for the Year Ended December 31, 2005

	2006			2005
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Operating revenues				
Rent	\$ 528,000	\$ 571,179	\$ 43,179	\$ 583,010
Other income	70,000	26,514	(43,486)	25,138
Total operating revenues	598,000	597,693	(307)	608,148
Operating expenses				
General	496,922	406,115	90,807	370,138
Depreciation and amortization		116,547	(116,547)	114,630
Total operating expenses	496,922	522,662	(25,740)	484,768
Operating income	101,078	75,031	(26,047)	123,380
Other revenues and (expenses)				
Interest income	1,200	1,121	(79)	779
Interest expense	(198,313)	(123,579)	74,734	(127,991)
Total other revenues and (expenses)	(197,113)	(122,458)	74,655	(127,212)
Net loss	\$ (96,035)	(47,427)	\$ 48,608	(3,832)
Change in Net Assets				
Net assets - beginning of year		141,142		144,974
Net assets - end of year		\$ 93,715		\$ 141,142

PROVO CITY HOUSING AUTHORITY
LOOKOUT POINTE
Statement of Cash Flows
For the Year Ended December 31, 2006
With Comparative Totals for the Year Ended December 31, 2005

Cash flows from operating activities	2006	2005
Rental revenues	\$ 570,505	\$ 584,648
Other revenues	32,864	26,578
Payments to suppliers	(192,494)	(242,856)
Payments to employees	(160,006)	(155,029)
Net cash provided by operating activities	<u>250,869</u>	<u>213,341</u>
Cash flows from capital and related financing activities		
Interest paid on debt	(123,957)	(128,347)
Principal payments on debt	(74,356)	(69,967)
Acquisition and construction of capital assets	(54,645)	(13,561)
Net cash used for capital and related financing activities	<u>(252,958)</u>	<u>(211,875)</u>
Cash flows from investing activities		
Interest income	1,121	779
Net cash provided by investing activities	<u>1,121</u>	<u>779</u>
Net changes in cash and cash equivalents	(968)	2,245
Cash and cash equivalents January 1	265,105	262,860
Cash and cash equivalents December 31	<u>\$ 264,137</u>	<u>\$ 265,105</u>
Cash and cash equivalents	\$ 48,792	\$ 44,267
Restricted cash and cash equivalents - security deposits	42,251	39,076
Restricted cash and cash equivalents - escrow accounts	173,094	181,762
Total restricted cash and cash equivalents	<u>\$ 264,137</u>	<u>\$ 265,105</u>
Reconciliation of change in net assets to net cash from operations		
Operating income	\$ 75,031	\$ 123,380
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	116,547	114,630
Increase/decrease in		
Accounts receivable	(572)	(391)
Accounts payable	(13)	1,535
Accrued liabilities	(789)	(1,716)
Tenant security deposits	3,175	750
Prepaid insurance	(1,005)	(273)
Prepaid rent	3,073	2,779
Due to other funds	55,422	(27,353)
Net cash provided by operating activities	<u>\$ 250,869</u>	<u>\$ 213,341</u>

**PROVO CITY HOUSING AUTHORITY
PROVO NONPROFIT HOUSING DEVELOPMENT CORP.**

Statement of Net Assets

December 31, 2006

ASSETS

Noncurrent assets

Note receivable Maeser School Partners, LLC	\$ 300,000
Equity investment tax credit projects	<u>962,448</u>
Total noncurrent assets	<u>1,262,448</u>

Total assets	<u><u>\$ 1,262,448</u></u>
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LIABILITIES

Current liabilities

Due to other funds	\$ 674,719
Total current liabilities	<u>674,719</u>

Long-term liabilities

Long-term debt	<u>300,000</u>
Total long-term liabilities	<u>300,000</u>
Total liabilities	<u><u>\$ 974,719</u></u>

NET ASSETS

Unrestricted	\$ 287,729
Total net assets	<u><u>\$ 287,729</u></u>

PROVO CITY HOUSING AUTHORITY
PROVO NONPROFIT HOUSING DEVELOPMENT CORP.
Statement of Revenues, Expenses, and Changes in Net Assets

Budget and Actual

For the Year Ended December 31, 2006

			Variance Favorable (Unfavorable)
Operating expenses	<u>Budget</u>	<u>Actual</u>	
General		\$ 1,685	\$ (1,685)
Total operating expenses		1,685	(1,685)
Operating loss		(1,685)	(1,685)
Other revenues and (expenses)			
Interest income		858	858
Equity investment	\$ 1	(12)	(13)
Total other revenues and (expenses)	1	846	845
Loss before capital contributions and operating transfers	1	(839)	(840)
Capital contribution		25,000	25,000
Operating transfer	263,568	263,568	
Net income	<u>\$ 263,569</u>	287,729	<u>\$ 24,160</u>
Change in Net Assets			
Net assets - beginning of year		-0-	
Net assets - end of year		<u>\$ 287,729</u>	

**PROVO CITY HOUSING AUTHORITY
PROVO NONPROFIT HOUSING DEVELOPMENT CORP.**

Statement of Cash Flows
For the Year Ended December 31, 2006

Cash flows from noncapital financing activities

Transfers from other funds	\$ 263,568
Net cash used for noncapital financing activities	<u>263,568</u>

Cash flows from capital and related financing activities

Proceeds from capital grants	25,000
Net cash provided by capital and related financing activities	<u>25,000</u>

Cash flows from investing activities

Interest income	407
Investment in tax credit project	(288,975)
Net cash used by investing activities	<u>(288,568)</u>

Net changes in cash and cash equivalents	<u>\$ -0-</u>
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Cash and cash equivalents January 1	\$ -0-
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Cash and cash equivalents December 31	<u>\$ -0-</u>
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Reconciliation of change in net assets to net cash from operations

Operating loss	\$ (1,685)
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Increase/decrease in	
Due to other funds	1,685
Net cash provided by operating activities	<u>\$ -0-</u>

Supplemental information

The Discretionary fund transferred its investment in Maeser School Partners to the Provo Nonprofit fund.

SINGLE AUDIT SECTION

The Single Audit Section includes the Schedule of Expenditures of Federal Awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is presented for purposes of additional analysis and is not a required part of the financial statements of Provo City Housing Authority.

PROVO CITY HOUSING AUTHORITY
Schedule of Expenditures of Federal Awards

For the Year Ended September 30, 2006

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Contract Number</u>	<u>Program Award Amount</u>	<u>Current Year Expenditures</u>
Department of Housing and Urban Development				
Public and Indian Housing Operating Subsidy	14.850	DEN - 344	\$ 305,821	\$ 305,821
Public and Indian Housing Capital Fund Program	14.872	UT06P00750104	380,419	39,377
Capital Fund Program	14.872	UT06P00750105	347,482	299,934
Section 8 - Housing Choice Vouchers	14.871	0048-0066	4,495,320	4,495,320
Shelter Plus Care	14.238	UT01C30-4001	690,084	154,652
HUD Supportive Housing	14.181	UT01B104001	36,775	36,775
Mortgage Insurance Rental Housing Section 207	14.134		2,540,000	<u>1,991,429</u>
Total Department of Housing and Urban Development				<u>7,323,308</u>
Department of Education				
Passed through the Utah Department of Education Adult Education	84.002		1,123	<u>1,123</u>
Total Department of Education				<u>1,123</u>
Total Expenditures				<u>\$ 7,324,431</u>

PROVO CITY HOUSING AUTHORITY
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2006

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

Revenues are recognized in the accounting period that qualifying expenditures occur. Expenditures are recognized in the accounting period in which the liability is incurred.

NOTE 2 - LOANS OUTSTANDING

The federal expenditures reported as Mortgage Insurance - Rental Housing Section 207 represents the loan balance outstanding at year end.

NOTE 3 - NON-CASH ASSISTANCE

The Housing Authority did not receive any non-cash assistance for the year ended September 30, 2006.

ADDITIONAL AUDITORS' REPORTS

These additional reports are required by *Government Auditing Standards*, U.S. Office of Management and Budget Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*, and the Utah State Auditor's Office, respectively.



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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Commissioners
Provo City Housing Authority

We have audited the financial statements of Provo City Housing Authority as of and for the year ended September 30, 2006, and have issued our report thereon dated February 2, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Provo City Housing Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Provo City Housing Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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This report is intended solely for the information and use of the audit committee, management, federal awarding agencies, and the Utah State Auditor's Office and is not intended to be and should not be used by anyone other than these specified parties.

Hawkins Cloward & Simister, LC

HAWKINS CLOWARD & SIMISTER, LC
CERTIFIED PUBLIC ACCOUNTANTS

February 2, 2007



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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Commissioners
Provo City Housing Authority

Compliance

We have audited the compliance of Provo City Housing Authority with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2006. Provo City Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Provo City Housing Authority's management. Our responsibility is to express an opinion on Provo City Housing Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Provo City Housing Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Provo City Housing Authority's compliance with those requirements.

In our opinion Provo City Housing Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2006.

Internal Control over Compliance

The management of Provo City Housing Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Provo City Housing Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, federal awarding agencies, and the Utah State Auditor's Office and is not intended to be and should not be used by anyone other than these specified parties.

Hawkins Cloward & Simister, LC

HAWKINS CLOWARD & SIMISTER, LC
CERTIFIED PUBLIC ACCOUNTANTS

February 2, 2007

PROVO CITY HOUSING AUTHORITY
Schedule of Findings and Questioned Costs
September 30, 2006

A. Summary of Auditors' Results

1. The auditors' report expresses an unqualified opinion on the financial statements of Provo City Housing Authority.
2. There were no reportable conditions relating to the audit of the financial statements as reported in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Provo City Housing Authority were disclosed during the audit.
4. There were no findings relative to the internal control over compliance with major federal award programs.
5. The auditor's report on compliance for the major federal awards programs for Provo City Housing Authority expresses an unqualified opinion.
6. There were no findings relative to the major federal award programs.
7. The programs tested as major programs are:
 - a. Section 8 – Housing Choice Vouchers, CFDA No. 14.871
 - b. Mortgage Insurance Rental Housing Section 207, CFDA No. 14.134
 - c. Public & Indian Housing Operating Subsidy, CFDA No. 14.850
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Provo City Housing Authority was determined to be a low risk auditee.

B. Findings – Financial Statement Audit

There were no findings.

C. Findings and Questioned Costs – Major Federal Award Programs Audit

There were no findings.

D. Prior Year Audit Findings

There were no prior year findings.



HAWKINS CLOWARD & SIMISTER

CERTIFIED PUBLIC ACCOUNTANTS, LC

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INDEPENDENT AUDITORS' REPORT ON LEGAL COMPLIANCE - STATE OF UTAH

Board of Commissioners
Provo City Housing Authority

We have audited the financial statements of the business type activities and each major fund, which collectively comprise the financial statements of Provo City Housing Authority for the year ended September 30, 2006, and have issued our report thereon, dated February 2, 2007. Our audit included test work on the Housing Authority's compliance with the general requirements identified in the State of Utah Legal Compliance Audit Guide, including:

- Cash management
- Purchasing requirements
- Special districts
- Other general compliance issues

The Housing Authority did not receive any major or non-major State grants during the year ended September 30, 2006.

The management of the Provo City Housing Authority is responsible for the Housing Authority's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the Housing Authority's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed no instances of noncompliance with the requirements referred to above.

There were no prior year instances of noncompliance.

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In our opinion, Provo City Housing Authority complied, in all material respects, with the general compliance requirements identified above, for the year ended September 30, 2006.

Hawkins Cloward & Simister, LC

HAWKINS CLOWARD & SIMISTER, LC
CERTIFIED PUBLIC ACCOUNTANTS

February 2, 2007

SUPPLEMENTAL FINANCIAL DATA SCHEDULES

Supplemental Financial Data Schedules include data schedules required by the U.S. Department of Housing and Urban Development and are presented for purposes of additional analysis and are not a required part of the financial statements of Provo City Housing Authority.

PHA: UT007 FYED: 09/30/2006

Line Item No.	Account Description	Business Activities	Supportive Housing for Persons with Disabilities	Shelter Plus Care	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Component Units
111	Cash - Unrestricted	\$36,762	\$0	\$0	\$28,216	\$893,162	\$0	\$48,791
113	Cash - Other Restricted	\$0	\$0	\$0	\$0	\$0	\$0	\$173,094
114	Cash - Tenant Security Deposits	\$2,290	\$1,500	\$0	\$62,203	\$0	\$0	\$42,251
100	Total Cash	\$39,052	\$1,500	\$0	\$90,419	\$893,162	\$0	\$264,136
122	Accounts Receivable - HUD Other Projects	\$0	\$4,553	\$47,409	\$0	\$0	\$58,821	\$0
125	Accounts Receivable - Miscellaneous	\$43,267	\$0	\$0	\$688	\$0	\$0	\$0
126	Accounts Receivable - Tenants - Dwelling Rents	\$177	\$537	\$0	\$11,911	\$0	\$0	\$5,058
126.1	Allowance for Doubtful Accounts - Dwelling Rents	\$-122	\$-437	\$0	\$-1,808	\$0	\$0	\$0
126.2	Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0
127	Notes, Loans, & Mortgages Receivable - Current	\$10,832	\$0	\$0	\$0	\$0	\$0	\$0
129	Accrued Interest Receivable	\$19,053	\$0	\$0	\$0	\$0	\$0	\$0
120	Total Receivables, net of allowances for doubtful accounts	\$73,207	\$4,653	\$47,409	\$10,791	\$0	\$58,821	\$5,058
131	Investments - Unrestricted	\$8,507	\$0	\$0	\$0	\$0	\$0	\$0
135	Investments - Restricted for Payment of Current Liabilities	\$92,486	\$0	\$0	\$0	\$0	\$0	\$0
132	Investments Restricted	\$1,984,362	\$0	\$0	\$0	\$0	\$0	\$0
142	Prepaid Expenses and Other Assets	\$0	\$0	\$0	\$57,637	\$0	\$0	\$9,773
144	Interprogram Due From	\$651,660	\$25,985	\$0	\$333,803	\$121,352	\$0	\$0
150	Total Current Assets	\$2,849,274	\$32,138	\$47,409	\$492,650	\$1,014,514	\$58,821	\$278,967
161	Land	\$119,691	\$76,512	\$0	\$2,771,013	\$75,853	\$0	\$100,000
162	Buildings	\$423,957	\$433,566	\$0	\$10,511,868	\$71,303	\$198,684	\$1,866,662
163	Furniture, Equipment & Machinery - Dwellings	\$16,601	\$25,065	\$0	\$123,685	\$0	\$47,448	\$39,292
164	Furniture, Equipment & Machinery - Administration	\$1,550	\$0	\$0	\$450,736	\$43,884	\$6,065	\$13,437
165	Leasehold Improvements	\$46,876	\$174,025	\$0	\$1,063,338	\$0	\$0	\$819,436
166	Accumulated Depreciation	\$-86,060	\$-55,092	\$0	\$-7,591,571	\$-38,313	\$-8,923	\$-920,418
167	Construction In Progress	\$0	\$0	\$0	\$7,235	\$3,593	\$0	\$0
160	Total Fixed Assets, Net of Accumulated Depreciation	\$522,615	\$654,076	\$0	\$7,336,304	\$156,320	\$243,274	\$1,918,409
171	Notes, Loans, & Mortgages Receivable - Non Current	\$976,451	\$0	\$0	\$0	\$0	\$0	\$300,000
174	Other Assets	\$72,791	\$0	\$0	\$0	\$0	\$0	\$51,646
176	Investments in Joint Ventures	\$510,665	\$0	\$0	\$0	\$0	\$0	\$962,448
180	Total Non-Current Assets	\$2,082,522	\$654,076	\$0	\$7,336,304	\$156,320	\$243,274	\$3,232,503
190	Total Assets	\$4,931,796	\$686,214	\$47,409	\$7,828,954	\$1,170,834	\$302,095	\$3,511,470

PHA: UT007 FYED: 09/30/2006

Line Item No.	Account Description	Business Activities	Supportive Housing for Persons with Disabilities	Shelter Plus Care	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Component Units
312	Accounts Payable <= 90 Days	\$15,409	\$0	\$0	\$19,390	\$0	\$0	\$2,205
321	Accrued Wage/Payroll Taxes Payable	\$0	\$0	\$0	\$16,804	\$0	\$0	\$3,272
322	Accrued Compensated Absences - Current Portion	\$0	\$0	\$0	\$24,934	\$24,038	\$0	\$2,035
325	Accrued Interest Payable	\$24,465	\$700	\$0	\$427	\$6,498	\$0	\$10,123
333	Accounts Payable - Other Government	\$0	\$0	\$0	\$48,898	\$0	\$0	\$0
341	Tenant Security Deposits	\$2,290	\$1,500	\$0	\$62,203	\$0	\$0	\$42,251
342	Deferred Revenues	\$469	\$175	\$0	\$6,799	\$0	\$0	\$7,839
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	\$107,906	\$11,724	\$0	\$0	\$0	\$0	\$79,021
345	Other Current Liabilities	\$0	\$0	\$0	\$11,955	\$163,135	\$0	\$1,162
347	Interprogram Due To	\$265,481	\$0	\$47,409	\$0	\$31,335	\$58,821	\$769,708
310	Total Current Liabilities	\$416,020	\$14,099	\$47,409	\$191,410	\$225,006	\$58,821	\$917,616
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue Bonds	\$2,844,731	\$303,942	\$0	\$0	\$0	\$0	\$2,212,408
354	Accrued Compensated Absences - Non Current	\$0	\$0	\$0	\$10,733	\$4,513	\$0	\$0
350	Total Noncurrent Liabilities	\$2,844,731	\$303,942	\$0	\$10,733	\$4,513	\$0	\$2,212,408
300	Total Liabilities	\$3,260,751	\$318,041	\$47,409	\$202,143	\$229,519	\$58,821	\$3,130,024
508	Total Contributed Capital	\$0	\$0	\$0	\$0	\$0	\$0	\$0
508.1	Invested in Capital Assets, Net of Related Debt	\$522,615	\$338,410	\$0	\$7,336,304	\$156,320	\$243,274	\$0
511	Total Reserved Fund Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0
511.1	Restricted Net Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$173,094
512.1	Unrestricted Net Assets	\$1,148,430	\$29,763	\$0	\$290,507	\$784,995	\$0	\$208,352
513	Total Equity/Net Assets	\$1,671,045	\$368,173	\$0	\$7,626,811	\$941,315	\$243,274	\$381,446
600	Total Liabilities and Equity/Net Assets	\$4,931,796	\$686,214	\$47,409	\$7,828,954	\$1,170,834	\$302,095	\$3,511,470

PHA: UT007 FYED: 09/30/2006

Line Item No.	Account Description	Business Activities	Supportive Housing for Persons with Disabilities	Shelter Plus Care	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Component Units
703	Net Tenant Rental Revenue	\$57,357	\$51,258	\$0	\$587,459	\$0	\$0	\$571,179
704	Tenant Revenue - Other	\$1,000	\$398	\$0	\$35,935	\$0	\$0	\$26,513
705	Total Tenant Revenue	\$58,357	\$51,656	\$0	\$623,394	\$0	\$0	\$597,692
706	HUD PHA Operating Grants	\$0	\$36,775	\$154,652	\$305,821	\$4,495,320	\$87,114	\$0
706.1	Capital Grants	\$0	\$0	\$0	\$0	\$0	\$252,197	\$0
708	Other Government Grants	\$0	\$0	\$0	\$0	\$0	\$0	\$0
711	Investment Income - Unrestricted	\$387	\$0	\$0	\$7,413	\$31,868	\$0	\$951
712	Mortgage Interest Income	\$58,687	\$0	\$0	\$0	\$0	\$0	\$0
713.1	Cost of Sale of Assets	\$-1,703	\$0	\$0	\$0	\$0	\$0	\$0
714	Fraud Recovery	\$0	\$0	\$0	\$0	\$26,862	\$0	\$0
715	Other Revenue	\$247,805	\$0	\$0	\$3,500	\$0	\$0	\$25,000
720	Investment Income - Restricted	\$123,926	\$0	\$0	\$0	\$0	\$0	\$1,029
700	Total Revenue	\$487,459	\$88,431	\$154,652	\$940,128	\$4,554,050	\$339,311	\$624,672

PHA: UT007 FYED: 09/30/2006

Line Item No.	Account Description	Business Activities	Supportive Housing for Persons with Disabilities	Shelter Plus Care	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Program	Component Units
911	Administrative Salaries	\$5,913	\$2,601	\$8,162	\$148,329	\$356,363	\$22,133	\$55,124
912	Auditing Fees	\$0	\$825	\$0	\$9,105	\$6,070	\$0	\$3,208
914	Compensated Absences	\$0	\$0	\$0	\$2,992	\$-1,322	\$0	\$82
915	Employee Benefit Contributions - Administrative	\$2,023	\$1,062	\$3,021	\$54,500	\$138,221	\$11,554	\$21,039
916	Other Operating - Administrative	\$5,368	\$25,632	\$0	\$47,334	\$42,301	\$2,345	\$14,984
924	Tenant Services - Other	\$0	\$0	\$0	\$822	\$0	\$0	\$767
931	Water	\$1,864	\$1,366	\$0	\$24,814	\$0	\$0	\$10,741
932	Electricity	\$4,349	\$3,187	\$0	\$55,074	\$0	\$0	\$12,168
933	Gas	\$3,944	\$4,209	\$0	\$47,050	\$0	\$0	\$26,648
938	Other Utilities Expense	\$0	\$0	\$0	\$1,003	\$0	\$0	\$21,858
941	Ordinary Maintenance and Operations - Labor	\$5,403	\$3,660	\$0	\$139,872	\$0	\$33,488	\$66,288
942	Ordinary Maintenance and Operations - Materials and Other	\$4,457	\$1,370	\$0	\$108,915	\$0	\$0	\$42,287
943	Ordinary Maintenance and Operations - Contract Costs	\$0	\$3,091	\$0	\$67,573	\$0	\$0	\$52,464
945	Employee Benefit Contributions - Ordinary Maintenance	\$2,975	\$1,495	\$0	\$58,808	\$0	\$17,594	\$16,685
952	Protective Services - Other Contract Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$6,000
961	Insurance Premiums	\$2,665	\$2,110	\$0	\$88,805	\$0	\$0	\$32,358
962	Other General Expenses	\$443	\$0	\$0	\$0	\$0	\$0	\$17,394
963	Payments in Lieu of Taxes	\$0	\$0	\$0	\$48,898	\$0	\$0	\$0
964	Bad Debt - Tenant Rents	\$122	\$437	\$0	\$1,808	\$0	\$0	\$0
967	Interest Expense	\$144,693	\$9,680	\$0	\$0	\$0	\$0	\$123,579
969	Total Operating Expenses	\$184,219	\$60,725	\$11,183	\$905,702	\$541,633	\$87,114	\$523,674
970	Excess Operating Revenue over Operating Expenses	\$303,240	\$27,706	\$143,469	\$34,426	\$4,012,417	\$252,197	\$100,998
971	Extraordinary Maintenance	\$0	\$0	\$0	\$8,294	\$0	\$0	\$7,716
972	Casualty Losses - Non-Capitalized	\$0	\$0	\$0	\$25,107	\$0	\$0	\$0
973	Housing Assistance Payments	\$0	\$0	\$143,469	\$0	\$3,700,869	\$0	\$0
974	Depreciation Expense	\$15,569	\$18,620	\$0	\$375,628	\$8,688	\$8,923	\$116,547
900	Total Expenses	\$199,788	\$79,345	\$154,652	\$1,314,731	\$4,251,190	\$96,037	\$647,937
1004	Operating Transfers from/to Component Unit	\$-263,568	\$0	\$0	\$0	\$0	\$0	\$263,568
1010	Total Other Financing Sources (Uses)	\$-263,568	\$0	\$0	\$0	\$0	\$0	\$263,568
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	\$24,103	\$9,086	\$0	\$-374,603	\$302,860	\$243,274	\$240,303

PHA: UT007 FYED: 09/30/2006

Line Item No.	Account Description	Business Activities	Supportive Housing for Persons with Disabilities	Shelter Plus Care	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Component Units
1102	Debt Principal Payments - Enterprise Funds	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1103	Beginning Equity	\$1,646,942	\$359,087	\$0	\$7,748,932	\$586,742	\$249,143	\$141,143
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	\$0	\$0	\$252,482	\$51,713	\$-249,143	\$0
1113	Maximum Annual Contributions Commitment (Per ACC)	\$0	\$0	\$0	\$0	\$4,495,320	\$0	\$0
1114	Prorata Maximum Annual Contributions Applicable to a Period of less than Twelve Months	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1115	Contingency Reserve, ACC Program Reserve	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1116	Total Annual Contributions Available	\$0	\$0	\$0	\$0	\$4,495,320	\$0	\$0
1120	Unit Months Available	120	180	432	2,976	10,596	0	1,368
1121	Number of Unit Months Leased	96	163	426	2,900	10,461	0	1,197
1117	Administrative Fee Equity	\$0	\$0	\$0	\$0	\$370,633	\$0	\$0
1118	Housing Assistance Payments Equity	\$0	\$0	\$0	\$0	\$414,362	\$0	\$0

Line Item No.	Account Description	Adult Education, State Grant Program	Total
111	Cash - Unrestricted	\$0	\$1,006,931
113	Cash - Other Restricted	\$0	\$173,094
114	Cash - Tenant Security Deposits	\$0	\$108,244
100	Total Cash	\$0	\$1,288,269
122	Accounts Receivable - HUD Other Projects	\$0	\$110,783
125	Accounts Receivable - Miscellaneous	\$0	\$43,955
126	Accounts Receivable - Tenants - Dwelling Rents	\$0	\$17,683
126.1	Allowance for Doubtful Accounts - Dwelling Rents	\$0	\$-2,367
126.2	Allowance for Doubtful Accounts - Other	\$0	\$0
127	Notes, Loans, & Mortgages Receivable - Current	\$0	\$10,832
129	Accrued Interest Receivable	\$0	\$19,053
120	Total Receivables, net of allowances for doubtful accounts	\$0	\$199,939
131	Investments - Unrestricted	\$0	\$8,507
135	Investments - Restricted for Payment of Current Liabilities	\$0	\$92,486
132	Investments Restricted	\$0	\$1,984,362
142	Prepaid Expenses and Other Assets	\$0	\$67,410
144	Interprogram Due From	\$0	\$1,132,800
150	Total Current Assets	\$0	\$4,773,773
161	Land	\$0	\$3,143,069
162	Buildings	\$0	\$13,506,040
163	Furniture, Equipment & Machinery - Dwellings	\$0	\$252,091
164	Furniture, Equipment & Machinery - Administration	\$0	\$515,672
165	Leasehold Improvements	\$0	\$2,103,675
166	Accumulated Depreciation	\$0	\$-8,700,377
167	Construction In Progress	\$0	\$10,828
160	Total Fixed Assets, Net of Accumulated Depreciation	\$0	\$10,830,998
171	Notes, Loans, & Mortgages Receivable - Non Current	\$0	\$1,276,451
174	Other Assets	\$0	\$124,437
176	Investments in Joint Ventures	\$0	\$1,473,113
180	Total Non-Current Assets	\$0	\$13,704,999
190	Total Assets	\$0	\$18,478,772

PHA: UT007 FYED: 09/30/2006

Line Item No.	Account Description	Adult Education State Grant Program	Total
312	Accounts Payable <= 90 Days	\$0	\$37,004
321	Accrued Wage/Payroll Taxes Payable	\$0	\$20,076
322	Accrued Compensated Absences - Current Portion	\$0	\$51,007
325	Accrued Interest Payable	\$0	\$42,213
333	Accounts Payable - Other Government	\$0	\$48,898
341	Tenant Security Deposits	\$0	\$108,244
342	Deferred Revenues	\$0	\$15,282
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	\$0	\$198,651
345	Other Current Liabilities	\$0	\$176,252
347	Interprogram Due To	\$0	\$1,172,754
310	Total Current Liabilities	\$0	\$1,870,381
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue Bonds	\$0	\$5,361,081
354	Accrued Compensated Absences - Non Current	\$0	\$15,246
350	Total Noncurrent Liabilities	\$0	\$5,376,327
300	Total Liabilities	\$0	\$7,246,708
508	Total Contributed Capital	\$0	\$0
508.1	Invested in Capital Assets, Net of Related Debt	\$0	\$8,596,923
511	Total Reserved Fund Balance	\$0	\$0
511.1	Restricted Net Assets	\$0	\$173,094
512.1	Unrestricted Net Assets	\$0	\$2,462,047
513	Total Equity/Net Assets	\$0	\$11,232,064
600	Total Liabilities and Equity/Net Assets	\$0	\$18,478,772

PHA: UT007	FYED: 09/30/2006	Account Description	Adult Education_State Grant Program	Total
Line Item No.				
703		Net Tenant Rental Revenue	\$0	\$1,267,253
704		Tenant Revenue - Other	\$0	\$63,846
705		Total Tenant Revenue	\$0	\$1,331,099
706		HUD PHA Operating Grants	\$0	\$5,079,682
706.1		Capital Grants	\$0	\$252,197
708		Other Government Grants	\$1,123	\$1,123
711		Investment Income - Unrestricted	\$0	\$40,619
712		Mortgage Interest Income	\$0	\$58,687
713.1		Cost of Sale of Assets	\$0	\$-1,703
714		Fraud Recovery	\$0	\$26,862
715		Other Revenue	\$0	\$276,305
720		Investment Income - Restricted	\$0	\$124,955
700		Total Revenue	\$1,123	\$7,189,826

PHA: UT007 FYED: 09/30/2006

Line Item No.	Account Description	Adult Education_State Program	Total
911	Administrative Salaries	\$193	\$598,818
912	Auditing Fees	\$0	\$19,208
914	Compensated Absences	\$0	\$1,752
915	Employee Benefit Contributions - Administrative	\$100	\$231,520
916	Other Operating - Administrative	\$830	\$138,794
924	Tenant Services - Other	\$0	\$1,589
931	Water	\$0	\$38,785
932	Electricity	\$0	\$74,778
933	Gas	\$0	\$81,851
938	Other Utilities Expense	\$0	\$22,861
941	Ordinary Maintenance and Operations - Labor	\$0	\$248,711
942	Ordinary Maintenance and Operations - Materials and Other	\$0	\$157,029
943	Ordinary Maintenance and Operations - Contract Costs	\$0	\$123,128
945	Employee Benefit Contributions - Ordinary Maintenance	\$0	\$97,557
952	Protective Services - Other Contract Costs	\$0	\$6,000
961	Insurance Premiums	\$0	\$125,938
962	Other General Expenses	\$0	\$17,837
963	Payments in Lieu of Taxes	\$0	\$48,898
964	Bad Debt - Tenant Rents	\$0	\$2,367
967	Interest Expense	\$0	\$277,952
969	Total Operating Expenses	\$1,123	\$2,315,373
970	Excess Operating Revenue over Operating Expenses	\$0	\$4,874,453
971	Extraordinary Maintenance	\$0	\$16,010
972	Casualty Losses - Non-Capitalized	\$0	\$25,107
973	Housing Assistance Payments	\$0	\$3,844,338
974	Depreciation Expense	\$0	\$543,975
900	Total Expenses	\$1,123	\$6,744,803
1004	Operating Transfers from/to Component Unit	\$0	\$0
1010	Total Other Financing Sources (Uses)	\$0	\$0
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	\$0	\$445,023

PHA: UT007 FYED: 09/30/2006

Line Item No.	Account Description	Adult Education State Grant Program	Total
1102	Debt Principal Payments - Enterprise Funds	\$0	\$0
1103	Beginning Equity	\$0	\$10,731,989
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	\$55,052
1113	Maximum Annual Contributions Commitment (Per ACC)	\$0	\$4,495,320
1114	Prorata Maximum Annual Contributions Applicable to a Period of less than Twelve Months	\$0	\$0
1115	Contingency Reserve, ACC Program Reserve	\$0	\$0
1116	Total Annual Contributions Available	\$0	\$4,495,320
1120	Unit Months Available	0	15,672
1121	Number of Unit Months Leased	0	15,243
1117	Administrative Fee Equity	\$0	\$370,633
1118	Housing Assistance Payments Equity	\$0	\$414,362

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